Annual
Report
1983

Canadian
Pacific
Limited

## Summarized Statement of Income of Canadian Pacific Limited

| | 1983 | 1982 | Increase or (Decrease) |
|---|---|---|---|
| | (dollars in millions, except amounts per share) | | |
| Net income from: | | | |
| CP Rail | **$184.0** | $117.9 | $ 66.1 |
| CP Air | **(16.4)** | (39.2) | 22.8 |
| CP Ships | **(74.3)** | (20.0) | (54.3) |
| CP Trucks | **5.9** | 1.5 | 4.4 |
| Soo Line Railroad Company | **11.7** | 13.6 | (1.9) |
| CP Telecommunications | **6.4** | 5.1 | 1.3 |
| Miscellaneous | **(17.8)** | 3.4 | (21.2) |
| Canadian Pacific Enterprises Limited | **44.1** | 106.0 | (61.9) |
| Net income | **$143.6** | $188.3 | $(44.7) |
| Per Ordinary Share: | | | |
| Net income | **$ 1.98** | $ 2.60 | $(0.62) |
| Dividends | **1.40** | 1.65 | (0.25) |

## 1984 Annual and Special General Meeting

The Annual and Special General Meeting of the Shareholders is to be held on Wednesday, May 2nd, 1984, at Le Château Champlain, Place du Canada, Montreal, Quebec, at eleven a.m., Montreal time.

## Contents

# TO THE SHAREHOLDERS

The Company's consolidated net income in 1983 amounted to $143.6 million, or $1.98 per Ordinary share. Compared with 1982, earnings were down $44.7 million, or $0.62 per share.

Non-consolidated net income, consisting chiefly of income from CP Rail, CP Telecommunications and dividends from subsidiaries, amounted to $268.1 million, or $3.72 per Ordinary share. This compared with income of $235.2 million, or $3.26 per share, in 1982. The Company's dividends, based on these earnings, were $1.40 per Ordinary share in 1983 and $1.65 per share in 1982.

The declining trend in consolidated earnings that began in 1981 continued into the first half of 1983 when the worst effects of the recession were still being felt. In the second half of 1983 the Company's fortunes started to turn with a strengthening economy. CP Rail and Soo Line Railroad both enjoyed a marked upturn in freight volume in the latter half of the year and, among the companies of Canadian Pacific Enterprises, Cominco benefited from improved prices for zinc and higher sales volumes of most products, CIP Inc. and Great Lakes Forest Products from increased newsprint and pulp volumes, and Algoma Steel from stronger demand for its sheet and strip products.

For the year, significant improvement was achieved in results of CP Rail and CP Air. However, CP Ships incurred heavier losses and income from Canadian Pacific Enterprises was down substantially.

CP Rail's net income of $184.0 million was up $66.1 million over 1982. Results in 1983 included approximately $100 million representing the net after tax of interim grain payments from the Federal Government. Excluding these payments, CP Rail's income declined as increased operating expenses more than outweighed revenue growth.

The loss from CP Air amounting to $16.4 million was $22.8 million less than the loss incurred in 1982. Despite unsatisfactory yields and sluggish traffic levels, CP Air's results showed improvement due mainly to reduced expenses. Considerable savings resulted from reduced manpower, fuel conservation measures, and lower fuel prices. Interest expense was down substantially as a result of the restructuring of the company's capitalization at the beginning of 1983. A revision of the estimated useful lives and residual values of aircraft significantly reduced CP Air's depreciation charges.

In ocean shipping, the loss from Container Operations increased $31.0 million during the year, due to sharply reduced rates and write-offs of $10.7 million relating to the Company's withdrawal from the U.S. east coast service and re-organization of its St. Lawrence trade. The loss from Bulk Shipping was $23.3 million more than in 1982 reflecting the depressed state of world shipping markets, higher net financing expenses, and a loss of $10.8 million on sale of a bulk vessel in contrast to a gain of $1.7 million in 1982 on a similar sale.

Net income from CP Express & Transport increased $3.9 million, despite strong competition and slow recovery from a two-month strike by Teamsters in 1982. Cost control programs were effective and there was considerable volume growth in the specialized services group.

The Company's income from Soo Line Railroad Company, 55.7% owned, decreased $1.9 million from 1982. Although freight volume was

higher, Soo Line's earnings were affected by depressed rates, an unfavourable traffic mix and increased costs.

Income from CP Telecommunications continued to show steady growth during the year.

There was a reduction in Miscellaneous income, due primarily to lower interest income resulting from both reduced cash levels and the termination of aircraft lease payments upon CP Air's recapitalization at the beginning of 1983.

Income from the Company's 70.1% share of Canadian Pacific Enterprises Limited declined $61.9 million in 1983. The iron and steel sector was primarily responsible for this drop, followed by the financial and mines and minerals sectors, where there were smaller reductions.

In the iron and steel sector, the loss from Algoma Steel was higher due to reduced selling prices and a drop in demand for the company's higher margin products. AMCA International's results deteriorated reflecting weak markets for capital goods and write-offs relating to the discontinuance of certain operations.

Income from the financial sector was down significantly from 1982 when there were gains on sale of portfolio investments.

An increased loss from mines and minerals was attributed to both Cominco and Fording Coal. Cominco's loss was more than in 1982 when results included a gain on sale of oil and gas properties. Cominco's operating results, however, showed some improvement due to better profit margins on zinc, copper and silver. Fording Coal posted lower earnings, the result of decreased coal prices and reduced volumes, the latter due partially to a two-month strike by mineworkers.

Although the year was disappointing in terms of earnings, progress was made in several areas. A major uncertainty was removed with the resolution of the Crow rate issue and headway was made with the continuation of cost reduction programs started in 1982, productivity improvements and the re-organization and rationalization of certain operations.

The highlight of the year was the passage of legislation to end the statutory Crow grain rates – a landmark decision for CP Rail, the industry and Canada. In November 1983, the Western Grain Transportation Act was passed by Parliament, thereby ending years of losses from carrying grain by rail at rates which were below levels charged in 1897. Under the new regime, the Federal Government will pay to the railways a "Crow Benefit" which will reach approximately $650 million annually by the 1986/87 crop year. In addition, the Government will pay the railways for any cost increases for the movement of grain over and above designated percentage increases to be borne by shippers.

The benefits of the new grain transportation regime are numerous and far-reaching. In addition to providing the railways with greater incentives in moving grain, there is now increased ability to raise capital for improvement projects. Passage of the Act now enables CP Rail to proceed with an extensive capital program over the next five years, involving the upgrading of track, the acquisition of new equipment, construction of facilities and the expansion of capacity on the main line. CP Rail has already embarked on the largest single project since the original transcontinental railway was built a century ago. Termed the Rogers Pass project, it involves construction of 16 kilometres of tunnels through two mountains, 8 new bridges and 34 kilometres of second tracks through the Canadian Rockies. The project, which will cost in excess of $600 million, is scheduled for completion by late 1988 and will require the employment of at least 800 people during the first year.

Effective January 1, 1983 CP Air's capitalization was restructured through an exchange of common stock for aircraft formerly leased to CP Air by CP Limited. This action significantly reduced CP Air's interest charges, improved its cash flow and strengthened its debt: equity proportion. Operationally, the airline introduced a hub-and-spoke system on its transcontinental routes, with Toronto and Vancouver as hubs, and arranged to exchange certain of its aircraft for shorter-range aircraft with another airline, resulting in considerable net lease income and operating savings. Late in the year CP Air's scope was expanded by the acquisition of CP Hotels from Canadian Pacific Enterprises Limited. The purchase of Hotels not only adds a profitable division to CP Air but also permits a closer marketing relationship and enhances CP Air's presence in the travel and tourism market.

Following a difficult year for the container shipping industry on the North Atlantic, the Company decided to re-organize its Container Operations. This involved withdrawing from container services between the U.S. east coast and Western Europe at the end of 1983, and entering into a new arrangement, effective January 1, 1984, with regard to the service between Montreal and Western Europe.

CP Express & Transport rationalized its facilities and services with the amalgamation of certain divisions. The trucking company also acquired four

trucking businesses operating in Saskatchewan, effective January 1, 1984.

Algoma Steel closed permanently several technologically obsolete operations and AMCA International discontinued certain unprofitable operations.

Progress was also achieved in the area of developmental activity during the year. PanCanadian Petroleum maintained a high level of oil exploration in Western Canada. Cominco completed several modernization projects and progressed studies on a large zinc-lead-silver property in Alaska. Great Lakes began operating a new kraft pulp mill and a new stud lumber facility and will soon complete the installation of a new fine paper machine. Marathon Realty completed construction of an office building, carried out renovation and expansion programs and also acquired a shopping centre. Expansion occurred in the agriproducts sector with the acquisition of two operations.

It is now generally agreed that the economy is completing the recovery process and entering a period of expansion, with growth continuing mainly in the consumer spending and export sectors. Many businesses in the Canadian Pacific group have benefited from this trend over the past several months. However, a major ingredient that will bolster the Company's earnings is the expected upturn later in 1984 in the capital spending sector, which is so vital to the natural resource and manufacturing operations of Canadian Pacific Enterprises. These factors, combined with the new grain transportation regime and efficiencies resulting from re-organizations and widespread cost reduction programs, contribute to an improved outlook for the Company's earnings.

On the labour front, collective agreements in the Company's railway operations will be open for re-negotiation in late 1984, coinciding with the phasing-out of the "6 and 5" Program limiting wage increases. Other major contracts expiring during the year will involve employees in the Company's airline, pulp and paper, and steel operations.

While wage controls under the "6 and 5" Program are not to be extended, the Federal Government's policy of limiting price increases for goods and services sold by federally regulated industries has been extended for a third year. The new guideline has been set at 4%.

The Directors wish to express their warmest appreciation to officers and employees in all areas of the Company for their continued commitment and support.

For the Directors,

W. W. Atkinson

President

F. S. Burbidge

Chairman and
Chief Executive Officer

Montreal, March 12, 1984.

At December 31, 1983, the Company's consolidated assets amounted to $17,602 million, compared with $13,039 million at the end of 1980. Net investment in properties over this three-year period increased $4,427 million. Long term debt was up $2,428 million and deferred income taxes rose $466 million. Working capital was reduced $617 million. Minority shareholders' interest in subsidiary companies grew $422 million and shareholders' equity increased $529 million. The number of Ordinary shares outstanding remained unchanged over the three years; equity per Ordinary share rose from $48.67 at year-end 1980 to $56.17 at the end of 1983. Debt: equity proportions were 36/64 at year-end 1980 and 46/54 at the end of 1983. Interest coverage was 4.6 times in 1981, 1.9 times in 1982 and 1.6 times in 1983.

Long term debt issued during 1983 amounted to $702 million; funds from operations totalled $749 million; and the issuance of shares by subsidiaries amounted to $229 million. Principal applications of funds were additions to properties totalling $1,173 million and reduction of long term debt of $707 million. Working capital decreased $222 million.

Of the additional debt in 1983, $61 million was an issue by CP Limited of U.S. $50 million five-year equipment trust certificates, $48 million represented term loans for the acquisition of new aircraft and support equipment, and $577 million was attributable to the subsidiaries of Enterprises.

PanCanadian Petroleum raised $50 million through a debenture issue in order to refinance term bank loans. Cominco issued common shares for $100 million; Enterprises purchased a sufficient number of shares at the public offering price to maintain its 54.3% interest. To meet cash requirements CIP Inc. arranged term loans of $84 million, of which $50 million was provided by Canadian Pacific Securities Limited. Late in 1983 CIP issued common shares to Enterprises for $150 million with most of the proceeds used to reduce debt. Great Lakes borrowed U.S. $25 million to reduce floating rate debt. Algoma Steel's needs for additional financing were met by an issue of convertible preference shares amounting to $95 million, with proceeds used to reduce short term debt. Assuming conversion of Algoma's preference shares into common shares, Enterprises' interest in Algoma would be diluted to 50.3% from the current 61.2%. Algoma's term debt increased $44 million. AMCA International issued

preferred shares for $75 million and arranged a net increase in term borrowings of $52 million to provide additional working capital. Canadian Pacific Securities Limited borrowed $112 million to refinance term debt and provide loans to companies in the Enterprises group.

Effective January 1, 1983 CP Air's capitalization was restructured by the issue of 30 million additional common shares to CP Limited and assumption by CP Air of some $260 million of third-party debt in exchange for 21 aircraft, formerly leased from CP Limited, with a net book value, less related deferred income taxes, of approximately $400 million. CP Limited also purchased late in 1982 an additional 4 million CP Air shares for $20 million. The recapitalization significantly improved CP Air's debt: equity proportion.

On December 1, 1983 CP Air acquired CP Hotels from Canadian Pacific Enterprises Limited for $125 million. The purchase was financed by the issuance of shares by CP Air to CP Limited.

The Company's unused commitments for long term financing at the end of 1983 amounted to $1,097 million, at interest rates varying with bank prime or money market rates, with commitment fees on $1,035 million ranging from ⅛% to ¼%. Unused lines of credit for short term financing, subject to periodic review, totalled $1,333 million.

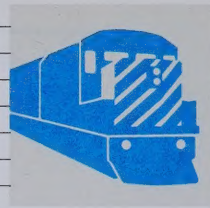
Total commitments for capital expenditures amounted to $746 million at year-end 1983.

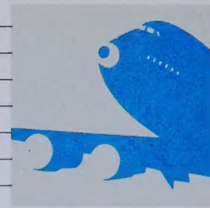
The program provides for the purchase of up to ten Boeing 737-300 aircraft over the period 1985 to 1988; originally CP Air was to acquire four Boeing 767's over a six-month period starting at the end of 1984. The substitution enables CP Air to tailor its capacity increases more closely to market requirements over the next five years and will also spread the capital costs of fleet expansion over a longer period.

The last "Panamax" bulk vessel ordered in 1980 was delivered in January 1984. Financing for this vessel, as for a similar bulk vessel delivered late in 1983, was provided 80% by mortgages from a Danish credit facility, and the balance from internal sources. Sufficient funds had been placed on deposit in Denmark to cover the cost of these two ships and related interest charges at the time of delivery.

Commitments of the subsidiaries of Enterprises are minimal and are largely for Cominco's ongoing modernization and expansion program at facilities in British Columbia, and for Algoma Steel's new coke oven battery on which construction has been deferred. Cominco's funds are to be provided by internal sources and existing bank facilities.

Non-consolidated (parent company) assets of CP Limited were $4,450 million at December 31, 1983, up from $3,797 million at year-end 1980. Over the three-year period, net investment in properties rose $594 million and investments in subsidiaries increased $624 million. Working capital declined $262 million. Shareholders' equity increased $463 million and equity per Ordinary share rose from $26.13 at the end of 1980 to $32.68 at year-end 1983. The debt: equity proportions were 32/68 at December 31, 1980 and 28/72 at year-end 1983. Interest coverage was 5.7 times in 1981, 4.3 times in 1982 and 6.2 times in 1983. During 1983, funds from operations of $452 million represented the principal source of funds for the parent company; the main application of funds was additions to properties of $367 million. The parent company issued new debt of $61 million during 1983, and reduced long term debt by $66 million.





## CP Rail

CP Rail's net income was $184.0 million in 1983, up from $117.9 million in 1982 and $127.2 million in 1981. Income in 1983 included approximately $100 million representing the net after-tax of interim grain payments from the Federal Government, of which some $32 million pertained to 1982.

Total revenues amounted to $2,429.7 million in 1983, up from $2,147.1 million in 1982 and $2,071.0 million in 1981. The major portion of the increase over 1982 came from the interim grain payments. There was also an increase in freight revenue, due to improved rates and the upturn in traffic in the second half of the year. Significant gains occurred in revenue from lumber, coal, intermodal, autos and vehicle parts, potash and wood pulp. In 1982, the improvement in revenue stemmed from increased Government payments and the effects of accounting changes mandated by the Canadian Transport Commission. Freight revenue declined from 1981 because of a significant fall in traffic volume that affected most commodity groups.

Expenses totalled $2,245.7 million in 1983, $2,029.2 million in 1982 and $1,943.8 million in 1981. Notwithstanding continuation of strict expense control measures introduced in 1982, CP Rail's operating expenses increased $147 million in 1983 largely because of cost escalation. Labour rates increased an average 6%, fuel prices rose 5%, and prices for other materials were up 6%. In addition, road maintenance activity was greater in 1983 due in part to required track repairs following severe washouts in British Columbia last July. The expense increase in 1982 over 1981 was attributable chiefly to accounting changes and to higher labour rates and increased prices of fuel and other materials.

Two-year railway labour contracts signed in 1982 were extended an additional year to the end of 1984 under the Federal Government's public sector wage-control measures. Wage increases in the last two years were restricted to 6% in 1983 and 5% in 1984. Cost-of-living adjustments provided for in the union agreements were eliminated.

While the outlook for freight traffic growth is promising, competition is expected to remain intense. Of paramount importance, however, was the resolution of the statutory grain rate issue. Not only does this eliminate losses from grain traffic, but it also enables CP Rail to proceed with plans to expand capacity in order to handle growing freight traffic.

## CP Air

The net loss from CP Air, after payment of preference dividends, amounted to $16.4 million in 1983, compared with losses of $39.2 million in 1982 and $22.8 million in 1981. Results in 1983 included a loss of $1.4 million from CP Hotels for the one month following its acquisition by CP Air on December 1, 1983.

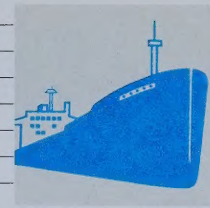
### Airline Operations

The net loss from airline operations of $15.0 million was $24.2 million less than in 1982 and $7.8 million less than in 1981.

Total revenues amounted to $888.3 million in 1983, $893.1 million in 1982 and $827.6 million in 1981. The reduction in 1983 revenues from 1982 was attributable largely to reduced gains on sale of aircraft; in 1983 such gains amounted to $19.2 million, whereas in 1982 there were gains of $25.8 million on aircraft sales. Operating revenues were essentially unchanged from 1982, as increased contribution from passenger and cargo services and a net gain from the exchange of aircraft with United Airlines were offset by lower revenue from mail and charter services. CP Air's transcontinental services were adversely affected by increases in competitive domestic charter capacity and present charter regulations. The revenue increase in 1982 over 1981 came largely from the 1982 gains on aircraft sales and increased contribution from all sectors.

Expenses totalled $900.0 million in 1983, compared with $927.8 million in 1982 and $845.1 million in 1981. In 1982, expenses were reduced by $10.5 million due to the reversal of Federal fuel taxes introduced in 1981 and subsequently cancelled. Of the expense decrease in 1983, interest charges were down $19.6 million reflecting the restructuring of CP Air's capitalization at the beginning of 1983, and depreciation expense declined $14.6 million due largely to a revision of the estimated useful lives and residual values of aircraft in order to conform more closely with industry norms. In addition, considerable savings were achieved in labour and fuel costs. The expense increase in 1982 over 1981 reflected mainly higher depreciation and interest charges and increased labour costs.

CP Air made substantial progress during the year in upgrading its services. In March the airline restructured its domestic routes into a hub-and-spoke system centered at Toronto and Vancouver, enabling greater efficiencies and a more convenient travel schedule for passengers. Since the system was implemented, CP Air's market share and load factor have improved significantly. To supplement this system, CP Air entered into



agreements with Eastern Provincial Airways to link the Atlantic Provinces to the Toronto hub, and with Air B.C. to connect Vancouver Island and the north coast of British Columbia to CP Air's system via the Vancouver hub. In addition, co-operative arrangements were made with four major U.S. carriers to provide connecting services to sixteen cities in the eastern United States. In view of its success, plans are to expand the hub-and-spoke system as traffic grows. CP Air is also improving its Pacific Rim schedules to South America, the South Pacific, Hawaii and Los Angeles.

During the year CP Air took delivery of two new Boeing 737 aircraft and sold seven older aircraft, two from its operating fleet and five that previously had been taken out of service. The airline also exchanged three of its long-range DC-10 aircraft for three shorter-range DC-10's owned by United Airlines. The lease arrangement, which is initially for two years, results in an annual after-tax benefit to CP Air of approximately $4 million and also provides operational savings. These shorter-range aircraft are better suited to CP Air's domestic route system.

CP Air faces many challenges in the years ahead, the most difficult arising from continued excess capacity and increased competition. Heightened competitive pressures would occur if the Federal Government decided to deregulate the domestic Canadian airline industry. In preparation for these challenges, programs have been and continue to be implemented to improve efficiency and increase productivity to make the airline leaner, more flexible and more competitive.

### Hotel Operations

In 1983, CP Hotels earned a profit of $7.3 million, comprising income for eleven months of $8.7 million included in Enterprises' results, and a loss of $1.4 million for December which was taken up by CP Air. In 1982 and 1981, CP Hotels had net income of $8.4 million and $12.1 million, respectively.

Despite the effects of volume growth in airline catering and restaurant services, hotel income in 1983 was less than in 1982 due principally to lower business activity and cost inflation. A contraction of business activity in both domestic and international hotel operations was the major reason for the drop in 1982 income from 1981.

## CP Ships

### Bulk Shipping Operations

Bulk Shipping incurred a loss of $40.9 million in 1983. This compared with a loss of $17.6 million in 1982 and a profit of $44.0 million in 1981. There was a net loss of $10.8 million on sale of a vessel in 1983, in contrast with gains on similar sales amounting to $1.7 million in 1982 and $14.1 million in 1981.

Revenues totalled $94.0 million in 1983. In 1982 and 1981 revenues, excluding gains on vessel sales, amounted to $108.3 million and $170.4 million, respectively. The progressive drop since 1981 was due principally to the prolonged slump in shipping markets, which resulted in over-supply conditions and depressed rate levels. The decline in revenues in 1983 from 1982 also reflected higher net financing expenses.

Total expenses, excluding the loss on sale of a vessel, amounted to $124.1 million in 1983, down from $127.6 million in 1982 and $140.5 million in 1981. Aside from the effect of depressed business activity, the reduction in expenses over the period was attributable to the continuation of programs undertaken in 1982 to minimize operating costs while maintaining an efficient fleet. The lower value of the pound sterling relative to the Canadian dollar was an additional reason for the expense reductions since 1981.

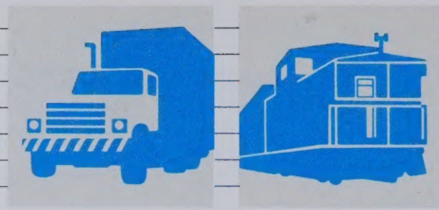
In the latter part of 1983 and early in 1984, Bulk Shipping took delivery of the last two Panamax bulk carriers on order. Both of these fuel-efficient vessels were fixed immediately on time charter at favourable rates.

The stringent economy measures, together with internal re-organization, have produced a very competitive operation. However, the outlook still remains dependent to a large degree on market performance. Trade prospects are slowly improving and give hope that shipping markets will pick up from the depressed levels of 1983.

### Container Operations

The year 1983 was an extremely difficult one for container operations on the North Atlantic. In addition to the effects of weak trade conditions, a fierce rate war between conference and non-conference carriers intensified, forcing rates to disastrously low levels. These factors were major contributors to the loss of $33.4 million incurred by the Company's Container Operations in 1983. This compares with losses of $2.4 million in 1982 and $197,000 in 1981. The loss in 1983 includes expenses of $10.7 million relating to the Company's withdrawal from the U.S. east coast container service and to re-organization of the Montreal – Western Europe service.

Total revenues amounted to $139.6 million in 1983, $159.9 million in 1982



and $151.7 million in 1981. Expenses were $173.0 million in 1983, up from $162.3 million in 1982 and $151.9 million in 1981.

At the end of 1983 Canadian Pacific withdrew from its one-third participation in the Dart Containerline service between the U.S. east coast and Western Europe. Excluding the resultant write-offs, the U.S. service accounted for approximately $13 million of Container Operations' 1983 loss.

Effective January 1, 1984, Canadian Pacific and Compagnie Maritime Belge began to act jointly through a newly created company, The Canada Line Limited, to continue to provide co-ordinated container service with Manchester Liners between Montreal and Western Europe. The Canada Line service will result in operational savings, more efficient equipment utilization and an improved market position.

Late in 1983, there were some increases in rates, due to strengthening trade conditions and the announcement that two non-conference competitors would join the conference on January 1, 1984. Further rate increases were implemented at the beginning of 1984. These factors, together with the benefits arising from the creation of The Canada Line and the termination of participation in the U.S. east coast service, improve the outlook for Container Operations.

## CP Trucks

### Canadian Pacific Express & Transport Ltd.

Net income from CP Express & Transport amounted to $5.2 million in 1983, compared with $1.3 million in 1982 and $4.9 million in 1981.

The decline in 1982 earnings reflected the impact of the recession on all divisions and a strike by the Teamsters' union which shut down CP Transport operations in Ontario for almost two months. In 1983, earnings rose despite strong competition and slow recovery from the strike. The company benefited from the effects of extensive cost control programs and from significant volume growth in its specialized services group.

During 1983 CP Express & Transport rationalized its facilities and services with the amalgamation of its CP Transport and CP Express divisions with Moffatt Bros., a trucking business in the Atlantic provinces acquired in 1982. The company continued the process of greater regional penetration with the acquisition on January 1, 1984 of four trucking businesses operating in Saskatchewan.

With the prospect of persistent competitive pressures, CP Express & Transport will continue to focus its attention on minimizing costs and enlarging its base through both expansion of existing market segments and acquisitions.

### CanPac International Freight Services Inc.

CanPac IFS had net income of $701,000 in 1983, up from $218,000 in 1982 and $550,000 in 1981. The improvement in 1983 was attributable largely to volume increases in the customs brokerage and warehouse divisions. The 1982 performance reflected depressed income from every division, especially the customs brokerage division.

## Soo Line Railroad Company

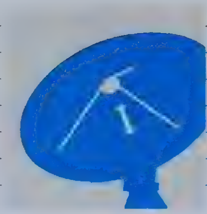
Net income from CP Limited's 55.7% interest in Soo Line amounted to $11.7 million in 1983, compared with $13.6 million in 1982 and $23.0 million in 1981.

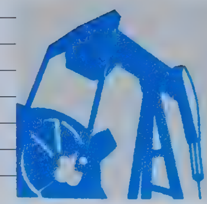
Soo Line's revenues amounted to $374.1 million in 1983, $367.8 million in 1982 and $414.3 million in 1981. The higher revenue in 1983 reflected an 11% increase in freight volume, which occurred in the second half of the year in step with economic recovery. Partially offsetting negative factors were depressed rates and an unfavourable traffic mix. The revenue reduction in 1982 from 1981 was attributable mainly to a 17% decline in freight volume which more than outstripped the effects of increased freight rates.

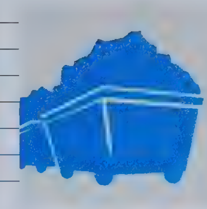
Expenses were $353.2 million, compared with $343.3 million in 1982 and $373.0 million in 1981. There were significant increases in labour costs and equipment rentals in both 1982 and 1983. In 1982, however, the increases were more than offset by the impact of reduced traffic levels and a lower maintenance program.

Early in 1984, Soo Line submitted an offer to purchase the operating properties of the Milwaukee Road which is currently in bankruptcy. The acquisition would provide new gateways for Soo Line in the mid-western United States.

Prospects for continued growth in traffic brighten Soo Line's future. However, concern surrounds the renegotiation of labour contracts that will expire in mid-1984 and the likelihood of further competitive pressures brought about by the effects of deregulation of U.S. railroads under the 1980 Staggers Act as well as railroad mergers.







## CP Telecommunications

CP Limited's share of net income from the CNCP Telecommunications partnership amounted to $6.4 million in 1983, up from $5.1 million in 1982 and $4.9 million in 1981.

The Company's revenues from telecommunications amounted to $157.5 million in 1983, $152.4 million in 1982 and $136.9 million in 1981. In 1983, most of the revenue growth came from leased services. The revenue increase in 1982 over 1981 was chiefly from rate increases for telex and leased services.

Expenses were $151.1 million in 1983, compared with $147.3 million in 1982 and $132.0 million in 1981. The increase over the period was largely the product of higher labour expenses and increased costs of leased facilities.

Continued growth in income is anticipated for CNCP Telecommunications. Of significance in the future will be the decision on CNCP's application made late in 1983 to the regulatory authority for enhanced interconnection to enable CNCP to compete directly with telephone companies in providing long distance telephone service to the public.

## Miscellaneous Income

There was a loss of $17.8 million in 1983, which contrasted with income of $3.4 million in 1982 and $17.0 million in 1981.

The major factor contributing to the 1983 loss was lower interest income due to reduced cash levels and the termination of aircraft lease payments upon the recapitalization of CP Air at the beginning of 1983. About half the decrease in 1982 from 1981 represented the receipt in 1981 of CP Limited's share of Government branch line payments to the Northern Alberta Railways Company (NAR) for the years 1967 to 1980. CP Limited sold its 50% share of the NAR in 1980. The balance of the 1982 income reduction stemmed from accounting changes as between CP Rail and Miscellaneous income, related to new accounting rules for Canadian railways.

## Canadian Pacific Enterprises Limited

Excluding the gain on sale of CP Hotels, net income from Canadian Pacific Enterprises Limited, representing a 70.1% share, fell to $44.1 million in 1983 from $106.0 million in 1982 and $287.0 million in 1981.

Total revenues reported by Enterprises amounted to $8,652 million in 1983, $8,495 million in 1982 and $8,559 million in 1981. Expenses totalled $8,657 million in 1983, $8,296 million in 1982 and $7,934 million in 1981.

### Oil and Gas

Enterprises' 87.1% share of income from PanCanadian Petroleum amounted to $209.9 million in 1983, $200.9 million in 1982 and $177.4 million in 1981.

Revenues of PanCanadian in 1983 were up $92 million over 1982 reflecting mainly improved prices and increased production of oil, the latter arising from strong export demand. Revenues in 1983 also included sales from a new methanol plant, in which PanCanadian has a 35% interest. In 1982 revenues rose $151 million resulting from higher prices for oil and natural gas and increased production of natural gas and natural gas liquids.

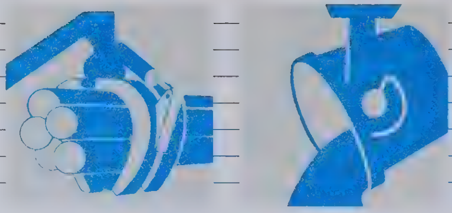
PanCanadian's expenses increased $81 million in 1983 due primarily to higher operating costs and increased depletion and depreciation expenses. During the year the number of producing properties increased and a methanol plant commenced operations. Expenses in 1982 were $124 million more than in 1981 due largely to costs associated with additional producing properties and to higher income and revenue taxes.

During 1983, governments took measures to improve the prospects for the Canadian petroleum industry. These actions included an amendment to the oil and gas pricing provisions agreed to in 1981 betwen the Federal Government and Alberta and the introduction of a volume-related pricing scheme for gas exports.

### Mines and Minerals

Enterprises' loss from Cominco, 54.3% owned, amounted to $30.0 million in 1983. This compares with a loss of $23.5 million in 1982 and a profit of $35.6 million in 1981.

Total revenues of Cominco were $1,388 million in 1983, up $111 million over 1982. Cominco's 1982 revenues included a net gain of $18 million from the sale of oil and gas properties. The higher revenues attained in 1983 came principally from increased sales volumes of all products, except gold, and improved prices for silver, zinc, gold and copper. Prices for lead and chemical and fertilizer products, however, were depressed. Cominco's revenues in 1982 were down $187 million from 1981, as prices for most products were depressed and sales volumes of refined zinc and fertilizers were lower.



Cominco's 1983 expenses amounting to $1,431 million were up $120 million over 1982, reflecting mainly the higher sales and production volumes. In addition, depreciation expense was up and there were costs relating to the suspension of certain operations during the first half of 1983. A decline of $69 million in 1982 from 1981 was in line with lower production levels.

Early in 1984, Cominco sold its interests in Tara Exploration and Development Company Limited and in a small tertiary oil recovery project in the United States.

Fording Coal, owned 60% by Enterprises and 40% by Cominco, had net income of $4.4 million in 1983, compared with income of $12.1 million in 1982 and a loss of $2.2 million in 1981. The lower income in 1983 was mainly the product of a 14% reduction in sales volume and a decrease in the selling price of coal. The drop in volume stemmed from lower sales to Japanese customers and a two-month strike by mineworkers. In 1982, a significant increase in the selling price of coal more than compensated for a reduction in volume.

Enterprises' 79.6% share of income from Steep Rock Resources Inc., formerly Steep Rock Iron Mines Limited, amounted to $846,000, down from $1.4 million in 1982 and $2.8 million in 1981. Steep Rock's 1982 income included non-recurring charges of $2.0 million pertaining to obligations under a long term natural gas contract and to a write-off of certain development costs. Steep Rock's income over the three-year period was derived mainly from the investment of funds. In 1983 the company paid dividends, consequently reducing cash levels and lowering investment income.

### Forest Products

The loss from CIP Inc. amounted to $83.6 million, down from a loss of $101.8 million in 1982. CIP's loss in 1981 was $19.7 million for the three-month period following its acquisition by Enterprises on October 1.

CIP's revenues amounted to $1,207 million in 1983, up $100 million over 1982. Expenses totalled $1,302 million, an increase of $89 million over 1982. The improvement in CIP's results was due chiefly to lower interest expense and reduced losses from a pulp and lumber affiliate. CIP's operating losses increased because of weak prices, particularly for newsprint, which more than offset the effects of higher sales volumes.

Enterprises' loss from Great Lakes Forest Products, 54.3% owned, amounted to $5.4 million in 1983, which was in contrast with profits of $11.6 million in 1982 and $41.8 million in 1981. During 1982 Great Lakes changed its method of accounting for investment tax credits with the effect of increasing Enterprises' income from Great Lakes by $9.9 million compared with 1981.

Great Lakes' revenues of $496 million in 1983 were up $54 million over 1982, due principally to higher shipments of all products. However, prices for newsprint and kraft pulp were down substantially because of intense competition. Revenues in 1982 declined $136 million from 1981 because of weak markets, with consequent reductions in shipments and price erosion for all of the company's products.

Expenses of Great Lakes amounted to $506 million in 1983, an increase of $85 million over 1982, reflecting mainly the higher volume levels and increased costs. In 1982 expenses fell $80 million largely because of lower volumes which more than offset the effects of general cost escalation.

Losses from Pacific Forest Products amounted to $9.8 million in 1983, $7.1 million in 1982 and $6.0 million in 1981. In 1982 there was a net gain of $9.2 million on the sale of land. Pacific Forest's operating loss in 1983 was less than in 1982 reflecting improvement in sales volume and prices for logs and lumber.

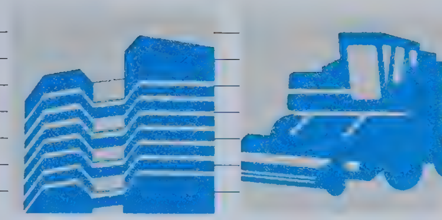
### Iron and Steel

The loss from Algoma Steel, representing a 61.2% interest by Enterprises, amounted to $84.2 million in 1983. This compares with a loss of $31.5 million in 1982 and a profit of $87.7 million in 1981.

Algoma Steel's 1983 revenues of $841 million fell $61 million from 1982. These revenues include Algoma's share of the results of AMCA International which were depressed in 1983. Algoma Steel's shipments were higher, but its operating revenues declined in 1983 due to reduced selling prices and a sales mix directed towards lower priced products. Algoma's 1982 revenues were down $573 million from 1981 reflecting lower shipments, a less favourable product mix and depressed selling prices.

Total expenses of Algoma were $969 million, up $27 million over 1982, largely the result of higher volume levels and increased interest expense. Algoma's expenses in 1982 were down $368 million from 1981 consistent with the reduction in sales volume, but partially offset by higher labour costs and increased interest expense.

Algoma's results in 1983 were also affected by the importing of low priced foreign steel into the Canadian marketplace. Following complaints



lodged by Algoma and others, the Anti-Dumping Tribunal ruled against a number of countries on the dumping of certain steel products which compete with those produced in Canada by Algoma.

In addition to its interest in Algoma's 34.6% ownership of AMCA International, Enterprises holds a 16.2% direct holding, which contributed a loss of $9.2 million in 1983. This amount was in contrast with profits of approximately $6 million in each of 1982 and 1981. AMCA's 1983 results reflected a provision for a loss of $27 million after tax relating to the write-off of discontinued operations. Significant reductions occurred in sales volumes and selling prices, particularly for certain construction products, engineering and construction services directed to the energy and petrochemical industries, and steel fabrication and construction activities in Canada.

**Real Estate**

Marathon Realty Company earned $25.9 million in 1983, compared with $26.2 million in 1982 and $24.0 million in 1981.

Marathon's 1983 revenues increased $23 million over 1982, attributable primarily to rentals from new buildings and increased property sales. An increase of $24 million in 1982 revenues compared with 1981 was due largely to rentals from new buildings and increased rentals from existing buildings.

Expenses of Marathon were $23 million more than in 1982, due principally to an increased cost of property sales and higher interest expense. Expenses in 1982 were up $22 million over 1981, of which about half was from increased building operating expenses and the remainder mainly from higher interest expense.

**Agriproducts**

Income from Maple Leaf Mills Limited amounted to $14.9 million in 1983, compared with $12.2 million in 1982 and $14.6 million in 1981.

Maple Leaf's revenues in 1983 amounted to $1,031 million, up $118 million over 1982. The additional revenues arose mainly from increased international grain trading activity and improved grain prices. The acquisition of Phenix Flour Limited and of a poultry operation also contributed to the increase in 1983 revenues. Revenues in 1982 were down $16 million from 1981 due primarily to reduced volumes in the flour division.

Expenses of Maple Leaf of $1,014 million in 1983 were up $115 million over 1982 reflecting higher volume levels. In 1982 expenses were down $14 million from 1981 in line with reduced volumes, in addition to the effects of record harvests on the cost of grain.

CanPac AgriProducts, based in the United States, had net income of $5.6 million in 1983, up from $1.6 million in 1982 and $4.5 million in 1981. Although volume of tallow declined in 1983, CanPac's earnings rose due mainly to a reduction in raw material costs, increased operating efficiencies, and some improvement in selling prices. The decrease in 1982 income from 1981 was centered chiefly in the rendering division which experienced weak market conditions.

**Other Businesses**

Income amounted to $15.3 million in 1983, essentially the same as in 1982, but down from $16.9 million in 1981. Of these amounts, CP Hotels contributed income of $8.7 million for the first eleven months of 1983, $8.4 million in 1982 and $12.1 million in 1981. The analysis of CP Hotels' earnings is included under CP Air on page 7.

Income from Syracuse China Corporation, based in the United States, amounted to $4.4 million in 1983, $4.2 million in 1982 and $3.2 million in 1981. Higher selling prices for chinaware contributed to the improvement over the period.

Processed Minerals Incorporated, based in the United States and engaged in the production and marketing of salt and wollastonite, earned $2.2 million in 1983, compared with $2.6 million in 1982 and $1.6 million in 1981.

**Financial**

Chateau Insurance earned a profit of $390,000 in 1983, in contrast to losses of $2.0 million in 1982 and $10.3 million in 1981. Chateau's improved performance over the three-year period was the direct result of phasing out unprofitable lines of business in 1981 and 1982.

Net income from Corporate activities dropped to $2.7 million in 1983 from $18.3 million in 1982 and $22.2 million in 1981. Income in 1982 included net gains of $19 million on sale of portfolio investments. Because of reduced cash levels, interest income in both 1983 and 1982 was depressed compared with 1981.

## General

### Basic financial reporting and consolidation policy

Canadian Pacific Limited (CP Limited) carries on transportation and related enterprises directly and through subsidiaries, in Canada and internationally. CP Limited also holds 107,941,718 common shares (107,941,718 at December 31, 1982 and 100,000,000 at December 31, 1981) of Canadian Pacific Enterprises Limited (Enterprises) representing 70.12% of its common shares at December 31, 1983 (70.33% at December 31, 1982 and 70.74% at December 31, 1981). Enterprises, through various subsidiary companies, carries on development of extensive natural resource properties and engages in manufacturing and other activities in Canada and abroad.

The financial statements of all subsidiary companies except those of two finance companies, which are accounted for on the equity basis, are included in the consolidated financial statements of CP Limited and have been prepared in accordance with accounting principles generally accepted in Canada. The major differences between Canadian and United States generally accepted accounting principles, insofar as they apply to the Company, are described under Supplementary Data. Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

The statement of consolidated income on page 17 is designed to present clearly CP Limited's income from its transportation related activities and from its holding in Enterprises. Income from transportation is segregated between the major functions – rail, air, ships, trucks, Soo Line Railroad Company and telecommunications. A breakdown of income by function for the operations carried on by Enterprises is presented on pages 22 and 23. The significant accounting policies of each group are described below, and should be read in conjunction with the consolidated financial statements and the notes thereto.

### Foreign exchange

Current assets and current liabilities have been translated from foreign currencies into Canadian dollars at current rates. Fixed assets, related depreciation, depletion and amortization and long term debt (excluding the current portion) have been translated at historical rates. Revenues and expenses (except depreciation, depletion and amortization which are translated at historical rates) have been translated at average rates in effect during the year. Gains or losses on exchange are included in income.

### Pensions

In addition to current service costs, charges to income include annual payments on account of past service liabilities. Such liabilities are being funded over varying periods to 2027.

## Transportation

**Income reporting by function**

CP Limited operates its various transportation enterprises as separate profit centres. CP Rail, comprising railway and coastal steamship operations, and CP Telecommunications, comprising mainly a 50% share of the CNCP Telecommunications partnership, are departments of CP Limited. CP Air (Canadian Pacific Air Lines, Limited and Canadian Pacific Hotels Limited), CP Ships (Canadian Pacific Steamships, Limited, Racine Terminal (Montreal) Limited and Canadian Pacific (Bermuda) Limited) and CP Trucks (Canadian Pacific Express & Transport Ltd. and CanPac International Freight Services Inc.) are operated through subsidiary companies in which the Company owns 100% of the common shares; the Soo Line Railroad Company is 55.69% owned.

In order to present fairly the results by profit centre, charges for services performed by one profit centre for another, which are made at normal tariff or other arm's length rates, are not eliminated. Consolidated net income is not affected by this practice. Services provided by CP Rail to other profit centres yielded revenues in 1983 of $247,000,000 (1982 – $233,000,000; 1981 – $248,000,000). There were no other significant inter-company services provided by the transportation group. CP Limited's rent for leased railways is assigned to CP Rail. Other interest paid by CP Limited is allocated to CP Rail, CP Telecommunications and Miscellaneous as appropriate. Interest paid by other transportation companies is charged to their respective profit centres.

CP Limited's income taxes are allocated to CP Rail, CP Telecommunications and Miscellaneous on the basis of their accounting incomes as adjusted for non-taxable items. Taxes of other transportation companies are charged to their respective profit centres.

**Properties**

Maintenance and repairs are charged to expenses as incurred. Major additions and replacements generally are capitalized with the exception of the following which are charged to expenses:

1. Labour costs relating to track structure replacements.

2. Renewals of parts of units of railway property which do not constitute "major renewals" as defined by the Uniform Classification of Accounts for railways subject to regulation by the Canadian Transport Commission.

**Depreciation**

Depreciation is calculated on the straight-line basis at rates based upon the estimated service lives of depreciable property. For railway properties, the rates used by CP Rail are as authorized by the Canadian Transport Commission and by the Interstate Commerce Commission for the Soo Line Railroad Company; for telecommunications properties, the rates used are as authorized by the Canadian Radio-television and Telecommunications Commission. When railway and telecommunications depreciable property is retired or otherwise disposed of, the book value, less net salvage, is charged to accumulated depreciation.

Estimated service lives used for principal categories of properties are as follows:

| | Years |
|---|---|
| Railway | |
| – road diesel locomotives | 20 |
| – freight cars | 30 |
| – ties | 29 |
| – rails | 50 |
| Ships | 18 to 25 |
| Aircraft | 16 |
| Telecommunications equipment | 6 to 19 |
| Trucks | 5 to 12 |

During 1983 the estimated service lives and residual values of aircraft were revised to conform more closely with industry norms. As a result of this revision CP Air's 1983 depreciation expense was reduced by $15,400,000.

## Canadian Pacific Enterprises Limited

**Income reporting by function**
The financial statements of all subsidiary companies are consolidated in the financial statements of Enterprises except those of two finance companies, which are accounted for on the equity basis. The classes of business are based upon the major activities of significant subsidiaries, and the principal companies included in each class are as follows:

**Percentage Ownership by Enterprises**

| December 31 | 1983 | 1982 | 1981 |
|---|---|---|---|
| Oil and Gas | | | |
| PanCanadian Petroleum Limited | 87.08% | 87.08% | 87.08% |
| Mines and Minerals | | | |
| Cominco Ltd. | 54.31 | 54.34 | 54.35 |
| Fording Coal Limited | | | |
| Enterprises | 60 | 60 | 60 |
| Cominco Ltd. | 40 | 40 | 40 |
| Steep Rock Resources Inc.* | 79.61 | 79.44 | 77.50 |
| Forest Products | | | |
| CIP Inc. | 100 | 100 | 100 |
| Great Lakes Forest Products Limited | 54.28 | 54.28 | 54.28 |
| Pacific Forest Products Limited | 100 | 100 | 100 |
| Commandant Properties, Limited | 100 | 100 | 100 |
| Iron and Steel | | | |
| The Algoma Steel Corporation, Limited | 61.16 | 61.15 | 57.63 |
| AMCA International Limited | | | |
| Enterprises | 16.21 | 16.38 | 9.37 |
| The Algoma Steel Corporation, Limited | 34.59 | 34.94 | 42.74 |
| Real Estate | | | |
| Marathon Realty Company Limited | 100 | 100 | 100 |
| Agriproducts | | | |
| Maple Leaf Mills Limited | 100 | 100 | 100 |
| CanPac AgriProducts Limited | 100 | 100 | 100 |
| Other Businesses | | | |
| Canadian Pacific Hotels Limited** | — | 100 | 100 |
| Syracuse China Corporation | 100 | 100 | 100 |
| Processed Minerals Incorporated | 100 | 100 | 100 |
| Financial | | | |
| Canadian Pacific Enterprises Limited – Corporate activities | | | |
| Canadian Pacific Securities Limited | 100 | 100 | 100 |
| Chateau Insurance Company | 99.98 | 99.98 | 99.98 |
| Canadian Pacific Enterprises (International) B.V. | 100 | 100 | 100 |
| Canadian Pacific Enterprises (U.S.) Inc. | 100 | 100 | 100 |
| Canadian Pacific Enterprises (Finance) N.V. | 100 | 100 | 100 |

*Prior to April 27, 1983, the name of this corporation was Steep Rock Iron Mines Limited.
**This company was sold to Canadian Pacific Air Lines, Limited on December 1, 1983.

The Algoma Steel Corporation, Limited supplies structural steel and plate to AMCA International Limited. In reporting the results of Iron and Steel operations in the analysis of Enterprises' operations on pages 22 and 23, the following amounts have been eliminated from sales and operating revenue and from expenses: 1983 – $31,010,000; 1982 – $35,900,000; 1981 – $51,010,000. Inter-company interest charges amounting to $99,070,000 in 1983, $72,310,000 in 1982 and $42,561,000 in 1981, have not been eliminated in the analysis of Enterprises' operations in order to present fairly the results by activity. Enterprises' net income is not affected by this practice. However, inter-company interest charges have been eliminated from Enterprises' revenues and expenses in the CP Limited Statement of Consolidated Income on page 17. There are no other significant inter-company charges within the Enterprises group of companies.

**Inventories**
Products, work in progress and raw materials of mining operations are valued generally at the lower of cost (determined on the monthly average method) and net realizable value. Supplies are valued at cost less appropriate allowances for obsolescence.

Finished products of Iron and Steel and work in progress related to steel making operations are valued at the lower of cost and net realizable value. Work in progress related to construction contracts is stated at accumulated production costs less amounts charged to income based on the percentage of

completion of individual contracts. Raw materials and supplies are valued at the lower of cost and replacement cost.

Other inventories (principally related to Forest Products and Agriproducts) are valued at the lower of cost (generally average cost) and net realizable value.

**Accounting for oil and gas properties**

The full cost method of accounting is followed for oil and gas properties, whereby all costs related to the exploration for and the development of oil and gas reserves are capitalized on a world-wide cost centre basis. Such costs are depleted by the unit of production method based on estimated proven oil and gas reserves.

Depreciation on plant and equipment is provided at rates which will amortize original costs over their estimated useful lives. The diminishing balance method is applied to all plant and equipment, except for the Empress and Syncrude facilities, which are depreciated on the straight-line basis.

Interest on funds borrowed to finance major projects is capitalized during the construction period.

**Accounting for mining properties**

Expenditures on general mineral exploration are charged against earnings as incurred. Expenditures to investigate identified properties and to develop new mines are capitalized as mineral properties and development. Because of the uncertainty of the final outcome, expenditures on investigation, together with the cost of certain investments in mineral companies, are amortized against earnings by charges for depletion. Abandoned properties are written off in the year of abandonment. Depletion on operating mines is provided on a unit of production or on a time basis based on the mineral reserves position.

Interest on specific borrowings to finance major expenditures for fixed assets is capitalized during the construction period.

**Accounting for iron and steel properties**

Depreciation of manufacturing plant and equipment is provided on a straight-line basis at rates intended to amortize the cost of these assets over their estimated economic lives. Mining equipment and mine development are either depreciated on a straight-line basis at rates intended to amortize the cost of these assets over their estimated economic lives or are amortized on a unit of production basis over the estimated recoverable raw material reserves.

Expenditures on exploration for, investigation of, and holding, raw material properties, and costs of research and start-up of new production facilities, are charged to earnings as incurred.

Interest incurred on funds borrowed directly to finance the development of new raw material properties and the construction of new manufacturing facilities is capitalized during the period of construction and initial development.

**Accounting for real estate properties**

All operating and carrying costs net of rental revenues are capitalized for all income properties under construction until a satisfactory level of occupancy is obtained, subject to a reasonable maximum period of time.

Real estate is stated at cost, except for land held for sale which is stated at the lower of cost and net realizable value. Cost includes carrying costs, principally real estate taxes, interest, the applicable portion of salaries and expenses of development personnel and, for income properties, initial leasing costs.

The sinking fund method of providing depreciation is used for the majority of buildings. This method will write off the cost of the buildings over a maximum period of 40 years in a series of annual instalments increasing at the rate of 5% compounded annually.

**Accounting for other properties**

Depreciation and amortization of other properties are charged to earnings, either on a straight-line or on a unit of production basis, over the estimated economic lives of the facilities involved.

Interest on debt incurred to finance major expansion programs under Forest Products and Other Businesses is capitalized during the construction period.

## Auditors' Report

**To the Shareholders of Canadian Pacific Limited:**

We have examined the consolidated balance sheets of Canadian Pacific Limited as at December 31, 1983 and 1982 and the statements of consolidated income, consolidated retained income and changes in consolidated financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1983 in accordance with generally accepted accounting principles in Canada which, except for the changes with which we concur, required to be made by regulation as described in Notes 1, 10 and 22 to the financial statements, have been consistently applied.

Price Waterhouse

Chartered Accountants,
Montreal, Quebec,
March 9, 1984.

## Statement of Consolidated Income

| For the Year ended December 31 | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| CP Rail (Note 1) | | | |
| Revenues | **$ 2,429,672** | $ 2,147,074 | $ 2,070,977 |
| Expenses including income taxes | **2,245,703** | 2,029,201 | 1,943,809 |
| Net income | **183,969** | 117,873 | 127,168 |
| CP Air | | | |
| Revenues | **905,434** | 893,142 | 827,572 |
| Expenses including income taxes | **918,561** | 927,834 | 845,067 |
| | **(13,127)** | (34,692) | (17,495) |
| Preference dividend | **3,281** | 4,522 | 5,286 |
| Net income | **(16,408)** | (39,214) | (22,781) |
| CP Ships | | | |
| Revenues | **233,605** | 269,939 | 336,203 |
| Expenses including income taxes | **307,898** | 289,974 | 292,421 |
| Net income | **(74,293)** | (20,035) | 43,782 |
| CP Trucks | | | |
| Revenues | **333,927** | 291,762 | 291,546 |
| Expenses including income taxes | **328,031** | 290,211 | 286,080 |
| Net income | **5,896** | 1,551 | 5,466 |
| Soo Line Railroad Company | | | |
| Revenues | **374,133** | 367,761 | 414,335 |
| Expenses including income taxes | **353,197** | 343,270 | 373,021 |
| | **20,936** | 24,491 | 41,314 |
| Minority interest | **9,277** | 10,852 | 18,306 |
| Net income | **11,659** | 13,639 | 23,008 |
| CP Telecommunications | | | |
| Revenues | **157,507** | 152,437 | 136,898 |
| Expenses including income taxes | **151,088** | 147,334 | 131,962 |
| Net income | **6,419** | 5,103 | 4,936 |
| Miscellaneous | | | |
| Net income | **(17,760)** | 3,377 | 16,993 |
| Transportation and Miscellaneous | | | |
| Net income | **99,482** | 82,294 | 198,572 |
| Canadian Pacific Enterprises Limited (Note 2) | | | |
| Revenues | **8,652,239** | 8,494,663 | 8,558,759 |
| Expenses including income taxes | **8,656,659** | 8,295,839 | 7,934,283 |
| | **(4,420)** | 198,824 | 624,476 |
| Minority interest | **(48,530)** | 92,824 | 337,469 |
| Net income | **44,110** | 106,000 | 287,007 |
| Net Income | **$ 143,592** | $ 188,294 | $ 485,579 |
| Earnings per Ordinary Share | **$ 1.98** | $ 2.60 | $ 6.75 |

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

## Statement of Consolidated Retained Income

| For the Year ended December 31 | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Balance, January 1 | | | |
| As previously reported | **$ 3,259,648** | $ 3,194,666 | $ 2,845,438 |
| Adjustment for share of increase in retained income of the Soo Line Railroad Company (Note 22) | **24,721** | — | — |
| As restated | **3,284,369** | 3,194,666 | 2,845,438 |
| Net income | **143,592** | 188,294 | 485,579 |
| Gain (loss) arising from the increase in shareholders' equity of a subsidiary due to the issuance of common shares | **996** | (2,302) | 1,583 |
| | **3,428,957** | 3,380,658 | 3,332,600 |
| Commission and expenses relating to the issuance of common shares by a subsidiary company net of income tax of $1,462,000 and minority interest of $474,000 | **—** | 1,123 | — |
| Dividends | | | |
| 7¼% Preferred shares | **967** | 1,109 | 1,234 |
| 4% Preference stock | **525** | 535 | 542 |
| Ordinary stock (per share: 1983 – $1.40; 1982 – $1.65; 1981 – $1.90) | **100,327** | 118,243 | 136,158 |
| Total dividends | **101,819** | 119,887 | 137,934 |
| Balance, December 31 | **$ 3,327,138** | $ 3,259,648 | $ 3,194,666 |

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

## Statement of Changes in Consolidated Financial Position

| For the Year ended December 31 | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| **Source of Funds** | | | |
| Net income | **$ 143,592** | $ 188,294 | $ 485,579 |
| Depreciation, depletion and amortization | **757,008** | 684,641 | 559,772 |
| Deferred income taxes | **(115,501)** | 26,269 | 344,256 |
| Minority interest in income of subsidiaries | **(35,972)** | 108,198 | 361,061 |
| Funds from operations | **749,127** | 1,007,402 | 1,750,668 |
| Reduction of investments | **72,906** | 73,035 | 15,301 |
| Issuance of long term debt | **701,994** | 1,541,702 | 2,071,856 |
| Issuance of shares by subsidiaries | **229,141** | 174,669 | 53,665 |
| Proceeds from disposal of properties | **101,686** | 105,792 | 99,136 |
| Working capital of subsidiaries acquired and consolidated | **—** | 115,128 | 257,403 |
| Sundries, net | **75,039** | 105,848 | 13,521 |
| Decrease in working capital | **221,537** | 384,296 | 10,677 |
| | **$ 2,151,430** | $ 3,507,872 | $ 4,272,227 |
| **Application of Funds** | | | |
| Additions to properties | **$ 1,173,146** | $ 1,966,710 | $ 2,322,727 |
| Additions to investments | **37,017** | 74,178 | 101,338 |
| Investment in subsidiaries acquired and consolidated | **—** | 399,315 | 1,112,665 |
| Reduction in long term debt | **706,502** | 787,431 | 407,058 |
| Reduction of minority shareholders' interest in subsidiaries | **—** | 16,871 | 13,314 |
| Preferred shares purchased for cancellation | **1,479** | 1,978 | 2,597 |
| Dividends | **101,819** | 119,887 | 137,934 |
| Dividends paid minority shareholders of subsidiaries | **131,467** | 141,502 | 174,594 |
| | **$ 2,151,430** | $ 3,507,872 | $ 4,272,227 |

### Changes in Consolidated Working Capital

| | 1983 | 1982 | 1981 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and temporary investments | **$ 96,394** | $ (450,096) | $ (391,993) |
| Accounts receivable | **109,654** | (265,609) | 387,395 |
| Inventories | **(186,628)** | 115,605 | 481,932 |
| | **19,420** | (600,100) | 477,334 |
| **Current Liabilities** | | | |
| Bank loans | **(38,529)** | (44,731) | 297,441 |
| Accounts payable and accrued liabilities | **162,987** | (148,464) | 233,340 |
| Notes and accrued interest payable | **(13,313)** | (62,194) | 62,711 |
| Income and other taxes payable | **110,649** | (33,548) | (77,755) |
| Dividends payable | **(1,255)** | (44,421) | (808) |
| Long term debt maturing within one year | **20,418** | 117,554 | (26,918) |
| | **240,957** | (215,804) | 488,011 |
| Decrease in working capital | **$ 221,537** | $ 384,296 | $ 10,677 |

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

## Consolidated Balance Sheet
December 31

| Assets | 1983 | 1982 |
|---|---|---|
| | (in thousands) | |
| **Current Assets** | | |
| Cash and temporary investments, at cost (approximates market) | **$ 613,310** | $ 516,916 |
| Accounts receivable | **1,685,172** | 1,575,518 |
| Rail materials and supplies, at cost or less | **214,981** | 248,179 |
| Other inventories (Note 7) | **1,746,183** | 1,899,613 |
| | **4,259,646** | 4,240,226 |
| **Insurance Fund** | | |
| (approximate market $4,180,000; 1982 – $3,872,000) | **4,000** | 4,000 |
| **Investments** (Note 8) | **463,220** | 520,910 |
| **Properties,** at cost (Note 9) | | |
| CP Rail | **4,051,672** | 3,754,002 |
| CP Air | **1,452,571** | 1,144,999 |
| CP Ships | **762,142** | 758,956 |
| CP Trucks | **181,118** | 171,977 |
| Soo Line Railroad Company | **726,690** | 501,075 |
| CP Telecommunications | **307,657** | 300,077 |
| Miscellaneous | **34,847** | 28,733 |
| Canadian Pacific Enterprises Limited | **10,665,252** | 10,385,523 |
| | **18,181,949** | 17,045,342 |
| Less: Accumulated depreciation, depletion and amortization | **5,752,360** | 5,044,555 |
| | **12,429,589** | 12,000,787 |
| **Other Assets and Deferred Charges** | **445,494** | 507,111 |
| | **$17,601,949** | $17,273,034 |

| Liabilities | 1983 | 1982 |
|---|---|---|
| | (in thousands) | |
| **Current Liabilities** | | |
| Bank loans | **$ 307,646** | $ 346,175 |
| Accounts payable and accrued liabilities | **2,114,658** | 1,951,671 |
| Notes and accrued interest payable | **325,926** | 339,239 |
| Income and other taxes payable | **258,576** | 147,927 |
| Dividends payable | **41,593** | 42,848 |
| Long term debt maturing within one year | **423,795** | 403,377 |
| | **3,472,194** | 3,231,237 |
| **Deferred Liabilities** (Note 10) | **335,670** | 276,310 |
| **Insurance Reserve** | **4,000** | 4,000 |
| **Long Term Debt** (Note 11) | **5,112,650** | 5,135,314 |
| **Perpetual 4% Consolidated Debenture Stock** (Note 12) | **292,549** | 292,549 |
| **Minority Shareholders' Interest in Subsidiary Companies** (Note 13) | **2,674,355** | 2,586,591 |
| **Deferred Income Taxes** | **1,657,960** | 1,756,052 |
| **Shareholders' Equity** | | |
| Preferred shares (Note 14) | | |
| Authorized – 21,652,698 shares of a par value of $10 each | | |
| Issued – 1,270,910 7¼% Cumulative Redeemable Series A shares (1982 – 1,423,061) | **12,709** | 14,231 |
| Preference stock – 4% non-cumulative (Note 15) | | |
| Authorized – an amount not exceeding one-half the aggregate amount of Ordinary stock outstanding | | |
| Issued – £853,923 in amounts of £1 and multiples thereof | **4,156** | 4,156 |
| – in amounts of $3 and multiples thereof | **10,714** | 10,714 |
| | **14,870** | 14,870 |
| Ordinary stock | | |
| Authorized – 100,000,000 shares of a par value of $5 each | | |
| Issued – 71,662,280 shares | **358,311** | 358,311 |
| Premium on stock | **115,296** | 115,253 |
| Other paid-in surplus | **224,247** | 228,668 |
| Retained income | **3,327,138** | 3,259,648 |
| | **4,052,571** | 3,990,981 |
| | **$17,601,949** | $17,273,034 |

See Summary of Significant Accounting Policies and Notes to Consolidated Financial Statements.

Approved on behalf of the Board:

F. S. Burbidge

Director

W. W. Stinson

Director

## 1. CP Rail Results

On February 1, 1983 the Minister of Transport announced that, pending the introduction of a comprehensive bill to replace the fixed Crow Rate, the Government would make interim payments to Canadian railways to compensate them for a portion of their revenue losses from the movement of grain in the 1982/83 crop year. CP Rail's share of these payments,together with its share of additional payments covering a portion of the 1983/84 crop year, amounted to approximately $100,000,000 after income taxes. Of the $100,000,000, which is included in the CP Rail results for 1983, approximately $32,000,000 pertains to 1982.

On January 1, 1984, the Western Grain Transportation Act, passed by Parliament in November 1983, became effective. The new Act, which terminates the previous statutory Crowsnest Pass grain freight rate, provides for payment by the Government to the railways of a sum (the "Crow Benefit") which will reach approximately $650,000,000 annually before income taxes by the 1986/87 crop year. In addition, the Act provides for payment by the Government to the railways for any cost increases for the movement of grain over and above designated percentage increases to be borne by shippers.

The Act provides for a comprehensive review in the 1985/86 crop year of its effects on the transportation, shipping and handling of grain.

In accordance with a new Uniform Classification of Accounts (UCA) effective January 1, 1982 and prescribed for railways subject to regulation by the Canadian Transport Commission, certain revenues from inter-railway shipments are being recognized earlier than previously and certain expenses related to in-transit movements are being recognized in later periods than previously. Also, in accordance with the new UCA, expenses have been reduced as a result of the capitalization of certain types of expenditures which previously were charged to income. The result of these changes is an increase in CP Rail income after taxes of approximately $11,000,000 in 1983 and $15,000,000 in 1982. Other related changes in accounting resulted in an increase in CP Rail income after taxes of approximately $3,000,000 in 1983 and $3,900,000 in 1982, with corresponding decreases in 1983 and 1982 Miscellaneous income.

## 2. Canadian Pacific Enterprises Limited – Net Income

| | **1983** | 1982 | 1981 |
|---|---|---|---|
| | (in thousands) | | |
| Oil and Gas | | | |
| Gross operating revenue | **$ 884,387** | $ 792,599 | $ 641,922 |
| Expenses including income and revenue taxes | **643,296** | 561,933 | 438,185 |
| | **241,091** | 230,666 | 203,737 |
| Interest of outside shareholders | **31,149** | 29,802 | 26,323 |
| Net income | **209,942** | 200,864 | 177,414 |
| Mines and Minerals | | | |
| Gross operating revenue | **1,611,548** | 1,554,334 | 1,725,435 |
| Expenses including income taxes | **1,649,809** | 1,577,401 | 1,638,049 |
| | **(38,261)** | (23,067) | 87,386 |
| Interest of outside shareholders | **(12,778)** | (9,869) | 49,724 |
| Net income | **(25,483)** | (13,198) | 37,662 |
| Forest Products | | | |
| Sales and operating revenue | **1,832,177** | 1,654,128 | 1,026,614 |
| Expenses including income taxes | **1,947,735** | 1,746,788 | 975,888 |
| | **(115,558)** | (92,660) | 50,726 |
| Interest of outside shareholders | **(16,746)** | 4,684 | 34,499 |
| Net income | **(98,812)** | (97,344) | 16,227 |

| | | | |
|---|---|---|---|
| Iron and Steel | | | |
| Sales and operating revenue | **2,454,605** | 2,680,471 | 3,312,389 |
| Expenses including income taxes | **2,619,839** | 2,684,669 | 3,111,570 |
| | **(165,234)** | (4,198) | 200,819 |
| Interest of outside shareholders | **(71,808)** | 21,519 | 107,233 |
| Net income | **(93,426)** | (25,717) | 93,586 |
| Real Estate | | | |
| Gross rentals and other income | **274,083** | 251,065 | 226,989 |
| Expenses including income taxes | **247,872** | 224,498 | 202,688 |
| | **26,211** | 26,567 | 24,301 |
| Interest of outside shareholders | **350** | 355 | 274 |
| Net income | **25,861** | 26,212 | 24,027 |
| Agriproducts | | | |
| Gross operating revenue | **1,229,351** | 1,137,473 | 1,165,233 |
| Expenses including income taxes | **1,206,202** | 1,118,664 | 1,143,472 |
| | **23,149** | 18,809 | 21,761 |
| Interest of outside shareholders | **2,547** | 2,189 | 1,823 |
| Net income | **20,602** | 16,620 | 19,938 |
| Other Businesses | | | |
| Gross operating revenue | **322,910** | 327,360 | 334,538 |
| Expenses including income taxes | **307,628** | 312,092 | 317,672 |
| Net income | **15,282** | 15,268 | 16,866 |
| Financial | | | |
| Gross operating revenue | **142,248** | 169,543 | 168,200 |
| Expenses including income taxes | **133,348** | 142,104 | 149,320 |
| Net income | **8,900** | 27,439 | 18,880 |
| Canadian Pacific Enterprises Limited – Net income | **62,866** | 150,144 | 404,600 |
| Minority interest | **18,756** | 44,144 | 117,593 |
| Net Income | **$ 44,110** | $ 106,000 | $ 287,007 |

On December 1, 1983 Canadian Pacific Enterprises Limited (Enterprises) sold to Canadian Pacific Air Lines, Limited (CP Air) its investment in Canadian Pacific Hotels Limited (CP Hotels) for $125,000,000. As a result of the sale, Enterprises realized an extraordinary gain of $31,435,000 which, because it arose from a sale between fellow subsidiaries, has been eliminated in the determination of CP Limited's consolidated net income. The results of CP Hotels to November 30, 1983 (net income of $8,654,000) are included under Enterprises' Other Businesses. The results for December 1983 (net loss of $1,421,000) are included under CP Air.

## 3. Expenses Including Income Taxes

| | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| CP Rail | | | |
| Maintenance | **$ 709,540** | $ 607,476 | $ 606,703 |
| Transportation | **722,030** | 692,347 | 643,983 |
| General and administrative | **479,662** | 471,499 | 443,647 |
| Depreciation | **114,091** | 106,640 | 98,280 |
| Fixed charges | **41,315** | 38,800 | 27,800 |
| Income taxes | **179,065** | 112,439 | 123,396 |
| | **$ 2,245,703** | $ 2,029,201 | $ 1,943,809 |
| CP Air | | | |
| Maintenance | **$ 67,301** | $ 76,330 | $ 75,824 |
| Other operating | **531,670** | 523,003 | 507,681 |
| Selling, general and administrative | **229,063** | 223,389 | 180,125 |
| Depreciation and amortization | **62,182** | 75,902 | 53,503 |
| Interest | **40,022** | 59,138 | 39,689 |
| Income taxes | **(11,677)** | (29,928) | (11,755) |
| | **$ 918,561** | $ 927,834 | $ 845,067 |
| CP Ships | | | |
| Maintenance | **$ 17,836** | $ 23,631 | $ 26,934 |
| Other operating | **163,197** | 169,291 | 178,791 |
| Selling, general and administrative | **71,799** | 40,961 | 38,284 |
| Depreciation and amortization | **39,124** | 38,579 | 31,197 |
| Interest | **18,875** | 17,433 | 17,800 |
| Income taxes | **(2,933)** | 79 | (585) |
| | **$ 307,898** | $ 289,974 | $ 292,421 |
| CP Trucks | | | |
| Maintenance | **$ 24,510** | $ 22,610 | $ 25,856 |
| Other operating | **229,600** | 204,594 | 195,378 |
| Selling, general and administrative | **56,163** | 48,709 | 46,560 |
| Depreciation and amortization | **12,673** | 10,975 | 10,046 |
| Interest | **1,851** | 1,963 | 2,297 |
| Income taxes | **3,234** | 1,360 | 5,943 |
| | **$ 328,031** | $ 290,211 | $ 286,080 |
| Soo Line Railroad Company | | | |
| Maintenance | **$ 97,320** | $ 107,070 | $ 125,530 |
| Traffic | **8,922** | 9,343 | 7,952 |
| Other operating | **185,849** | 177,042 | 174,138 |
| General and administrative | **18,144** | 14,539 | 18,755 |
| Depreciation and amortization | **20,595** | 10,885 | 10,606 |
| Fixed charges | **12,288** | 13,690 | 14,295 |
| Income taxes | **10,079** | 10,701 | 21,745 |
| | **$ 353,197** | $ 343,270 | $ 373,021 |

| | | | |
|---|---|---|---|
| CP Telecommunications | | | |
| Maintenance | **$ 76,952** | $ 74,645 | $ 64,162 |
| Other operating | **7,767** | 9,212 | 8,862 |
| Selling, general and administrative | **30,203** | 29,600 | 29,493 |
| Depreciation and amortization | **22,064** | 20,773 | 17,128 |
| Interest | **7,500** | 7,686 | 7,012 |
| Income taxes | **6,602** | 5,418 | 5,305 |
| | **$ 151,088** | $ 147,334 | $ 131,962 |
| Miscellaneous | | | |
| Operating, general and administrative | **$ 48,111** | $ 36,245 | $ 19,857 |
| Depreciation | **1,340** | 1,079 | 963 |
| Fixed charges | **43,515** | 69,852 | 70,125 |
| Income taxes | **(26,427)** | (12,521) | (3,449) |
| | **$ 66,539** | $ 94,655 | $ 87,496 |
| Canadian Pacific Enterprises Limited | | | |
| Operating expenses and cost of goods sold | **$ 6,508,089** | $ 6,197,324 | $ 5,763,680 |
| Distribution, selling, general and administrative | **1,045,772** | 988,131 | 977,259 |
| Depreciation, depletion and amortization | **484,939** | 419,808 | 338,049 |
| Interest | **513,948** | 562,247 | 393,808 |
| Income taxes | **103,911** | 128,329 | 461,487 |
| | **$ 8,656,659** | $ 8,295,839 | $ 7,934,283 |

## 4. Canadian Pacific Enterprises Limited – Expenses Including Income Taxes

| | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| **Oil and Gas** | | | |
| Cost of goods sold | **$ 192,533** | $ 169,522 | $ 134,702 |
| Selling, general and administrative | **32,154** | 27,789 | 20,817 |
| Depreciation, depletion and amortization | **113,702** | 88,771 | 72,428 |
| Interest | **26,858** | 22,454 | 32,174 |
| Income and revenue taxes | **278,049** | 253,397 | 178,064 |
| | **643,296** | 561,933 | 438,185 |
| **Mines and Minerals** | | | |
| Cost of goods sold | **1,154,789** | 1,103,371 | 1,095,129 |
| Distribution, selling, general and administrative | **309,586** | 298,029 | 319,417 |
| Depreciation, depletion and amortization | **114,354** | 101,795 | 98,415 |
| Interest | **92,239** | 101,959 | 72,127 |
| Income taxes | **(21,159)** | (27,753) | 52,961 |
| | **1,649,809** | 1,577,401 | 1,638,049 |
| **Forest Products** | | | |
| Cost of goods sold | **1,651,550** | 1,455,813 | 789,206 |
| Selling, general and administrative | **88,238** | 86,439 | 30,245 |
| Depreciation, depletion and amortization | **109,922** | 93,034 | 50,941 |
| Interest | **153,803** | 175,852 | 68,295 |
| Income taxes | **(55,778)** | (64,350) | 37,201 |
| | **1,947,735** | 1,746,788 | 975,888 |
| **Iron and Steel** | | | |
| Cost of goods sold | **2,155,230** | 2,197,408 | 2,464,783 |
| Selling, general and administrative | **376,032** | 332,532 | 335,349 |
| Depreciation, depletion and amortization | **98,704** | 92,192 | 77,543 |
| Interest | **132,808** | 125,194 | 87,570 |
| Income taxes | **(142,935)** | (62,657) | 146,325 |
| | **2,619,839** | 2,684,669 | 3,111,570 |
| **Real Estate** | | | |
| Operating expenses and cost of sales | **145,382** | 128,801 | 113,227 |
| Depreciation | **14,183** | 12,135 | 10,309 |
| Interest | **68,966** | 61,108 | 55,901 |
| Income taxes | **19,341** | 22,454 | 23,251 |
| | **247,872** | 224,498 | 202,688 |
| **Agriproducts** | | | |
| Cost of goods sold | **985,501** | 912,885 | 934,587 |
| Selling, general and administrative | **170,890** | 164,079 | 161,651 |
| Depreciation and amortization | **18,257** | 17,291 | 14,860 |
| Interest | **17,376** | 18,178 | 21,367 |
| Income taxes | **14,178** | 6,231 | 11,007 |
| | **1,206,202** | 1,118,664 | 1,143,472 |
| **Other Businesses** | | | |
| Operating expenses and cost of goods sold | **223,104** | 229,524 | 232,046 |
| Selling, general and administrative | **46,241** | 47,014 | 47,882 |
| Depreciation and amortization | **15,588** | 14,349 | 13,292 |
| Interest | **9,733** | 9,935 | 10,797 |
| Income taxes | **12,962** | 11,270 | 13,655 |
| | **307,628** | 312,092 | 317,672 |

| | | | |
|---|---|---|---|
| Financial | | | |
| General and administrative | **22,631** | 32,249 | 61,898 |
| Depreciation and amortization | **229** | 241 | 261 |
| Interest | **111,235** | 119,877 | 88,138 |
| Income taxes | **(747)** | (10,263) | (977) |
| | **133,348** | 142,104 | 149,320 |
| | **8,755,729** | 8,368,149 | 7,976,844 |
| Inter-segment eliminations | **(99,070)** | (72,310) | (42,561) |
| | **$ 8,656,659** | $ 8,295,839 | $ 7,934,283 |

| 5. Interest Expense | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Long term debt and debenture stock | **$ 620,154** | $ 656,556 | $ 456,600 |
| Short term debt | **85,833** | 141,344 | 123,916 |
| | **705,987** | 797,900 | 580,516 |
| Less: Interest capitalized on funds borrowed to finance capital projects | **38,211** | 85,391 | 58,233 |
| | **$ 667,776** | $ 712,509 | $ 522,283 |

| 6. Income Taxes | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Current | **$ 377,355** | $ 189,608 | $ 257,831 |
| Deferred | **(115,501)** | 26,269 | 344,256 |
| | **$ 261,854** | $ 215,877 | $ 602,087 |
| The deferred income tax provision arose as follows: | | | |
| Capital cost allowances | **$ (8,542)** | $ 125,925 | $ 264,499 |
| Exploration and development allowances | **17,251** | 51,813 | 55,135 |
| Loss carry forwards recognized | **(130,397)** | (150,733) | — |
| Other | **6,187** | (736) | 24,622 |
| | **$ (115,501)** | $ 26,269 | $ 344,256 |
| Income tax at the statutory tax rate may be reconciled to the effective tax as follows: | | | |
| Income tax at the statutory rate | **$ 187,054** | $ 248,851 | $ 704,938 |
| Depletion and resource allowances | **(82,269)** | (66,841) | (84,923) |
| Foreign tax differentials | **7,437** | (19,246) | (35,649) |
| Royalties and mineral reserve tax | **27,986** | 22,695 | 20,155 |
| Manufacturing and processing credits | **16,033** | 13,208 | (10,040) |
| Loss carry forwards not recognized | **24,935** | — | — |
| Investment tax credits | **(20,628)** | (25,243) | (20,117) |
| Other | **25,741** | (27,209) | (8,413) |
| Income taxes | **186,289** | 146,215 | 565,951 |
| Petroleum and gas revenue taxes | **75,565** | 69,662 | 36,136 |
| Income and revenue taxes as charged to income | **$ 261,854** | $ 215,877 | $ 602,087 |

## 7. Other Inventories

| | 1983 | 1982 |
|---|---|---|
| | (in thousands) | |
| Raw materials | **$ 591,835** | $ 701,940 |
| Work in progress | **283,134** | 312,980 |
| Finished goods | **594,086** | 594,789 |
| Stores and materials | **277,128** | 289,904 |
| | **$ 1,746,183** | $ 1,899,613 |

## 8. Investments

| | 1983 | 1982 |
|---|---|---|
| | (in thousands) | |
| Accounted for on the equity basis: | | |
| Koehring Finance Corporation | **$ 60,941** | $ 59,748 |
| AMCA International Finance Company Limited | **10,030** | 10,000 |
| Aberfoyle Limited | **29,790** | 29,841 |
| Tahsis Company Ltd. | **71,827** | 73,347 |
| Tilden Iron Ore Partnership | **44,429** | 47,070 |
| Other | **69,639** | 67,350 |
| Accounted for on the cost basis: | | |
| Panarctic Oils Ltd. | **41,646** | 42,832 |
| Tara Exploration and Development Company Limited | **22,515** | 26,903 |
| The Toronto Terminals Railway Company | **10,682** | 10,682 |
| Other | **78,560** | 121,069 |
| Portfolio investments (approximate market value 1983 – $26,326,000; 1982 – $31,249,000) | **23,161** | 32,068 |
| | **$ 463,220** | $ 520,910 |

## 9. Properties and Accumulated Depreciation, Depletion and Amortization

| | 1983 | | | 1982 |
|---|---|---|---|---|
| | (in thousands) | | | |
| | Cost | Accumulated Depreciation, Depletion and Amortization | Net | Net |
| CP Rail | $ 4,051,672 | $ 1,629,715 | **$ 2,421,957** | $ 2,184,847 |
| CP Air | 1,452,571 | 450,139 | **1,002,432** | 818,366 |
| CP Ships | 762,142 | 192,008 | **570,134** | 577,895 |
| CP Trucks | 181,118 | 73,551 | **107,567** | 104,019 |
| Soo Line Railroad Company | 726,690 | 298,219 | **428,471** | 361,043 |
| CP Telecommunications | 307,657 | 148,010 | **159,647** | 162,607 |
| Miscellaneous | 34,847 | 9,556 | **25,291** | 23,670 |
| Canadian Pacific Enterprises Limited | | | | |
| Oil and Gas | 2,265,730 | 622,230 | **1,643,500** | 1,534,413 |
| Mines and Minerals | 2,413,289 | 818,753 | **1,594,536** | 1,592,801 |
| Forest Products | 2,276,038 | 530,087 | **1,745,951** | 1,761,005 |
| Iron and Steel | 2,087,303 | 772,104 | **1,315,199** | 1,360,644 |
| Real Estate | 1,234,237 | 69,881 | **1,164,356** | 1,132,828 |
| Agriproducts | 315,916 | 118,322 | **197,594** | 161,373 |
| Other Businesses | 70,964 | 18,968 | **51,996** | 224,168 |
| Financial | 1,775 | 817 | **958** | 1,108 |
| Total Enterprises | 10,665,252 | 2,951,162 | **7,714,090** | 7,768,340 |
| | $18,181,949 | $ 5,752,360 | **$12,429,589** | $12,000,787 |

## 10. Deferred Liabilities

At December 31, 1983 deferred liabilities include approximately $36,000,000 (1982 – $16,600,000) from the Federal Government for the rehabilitation of certain Prairie branch lines and approximately $41,000,000 (1982 – $18,100,000) from other bodies, mainly for relocations of railway lines. In accordance with the new UCA for Canadian railways, these amounts are being amortized to income on the same basis as the related fixed assets are being depreciated; prior to 1982 they would have been accounted for as additions to Other Paid-in Surplus.

## 11. Long Term Debt

| | 1983 | 1982 |
|---|---|---|
| | (in thousands) | |
| Canadian Pacific Limited | | |
| 5% Collateral Trust Bonds due 1983 | $ — | $ 31,536 |
| 8⅛% Collateral Trust Bonds due 1985 | **27,750** | 27,750 |
| 8½% Collateral Trust Bonds due 1989 | **5,021** | 5,124 |
| 9¾% Collateral Trust Bonds due 1989 | **51,575** | 52,382 |
| 8⅞% Collateral Trust Bonds due 1992 | **39,409** | 40,140 |
| 14⅝% Collateral Trust Bonds due 1992 | **93,172** | 93,172 |
| 10.35% Collateral Trust Bonds due 1994 | **50,295** | 55,949 |
| 11¼% Collateral Trust Bonds due 1995 | **52,298** | 54,172 |
| 8¼% – 14⅜% Equipment Trust Certificates due 1984-1993 | **213,458** | 163,016 |
| Obligations under capital leases due 1984-1988 | **17,597** | 21,744 |
| Bank loans and sundry borrowings due 1984-1989 | **75,152** | 371,154 |
| Canadian Pacific Air Lines, Limited | | |
| Bank loans and sundry borrowings due 1984-1997 | **417,046** | 155,012 |
| Obligations under capital leases due 1984-1988 | **2,636** | — |
| Canadian Pacific Hotels Limited | | |
| 8⅝% – 11⅜% First Mortgage Sinking Fund Bonds due 1992-1995 | **41,608** | 43,067 |
| Sundry – due 1984-1993 | **6,075** | 6,345 |
| Canadian Pacific (Bermuda) Limited | | |
| Mortgages due 1985-1988 | **50,628** | 68,295 |
| 8¼% Notes due 1984 | **29,613** | 26,476 |
| Bank loans due 1985-1990 | **58,193** | 70,198 |
| Canadian Pacific Steamships, Limited | | |
| Obligations under capital leases due 1984-1988 | **25,496** | 29,694 |
| Canadian Pacific Express & Transport Ltd. | | |
| Bank loans due 1985-1986 | **16,100** | 985 |
| Sundry – due 1984-1986 | **487** | 987 |
| Soo Line Railroad Company | | |
| 6⅛% – 13⅝% Equipment Trust Certificates due 1984-1996 | **89,441** | 99,768 |
| Sundry – due 1984-2029 | **22,471** | 23,108 |
| PanCanadian Petroleum Limited | | |
| Bank loans due 1983 | — | 84,210 |
| 8⅛% – 16½% Debentures due 1984-1993 | **156,625** | 143,000 |
| Cominco Ltd. | | |
| Bank loans due 1984-1994 | **422,655** | 483,153 |
| 8½% – 10⅞% Sinking Fund Debentures due 1991-1995 | **95,645** | 100,962 |
| Notes due 1984-1996 | **79,929** | 46,759 |
| Subsidiaries of Cominco Ltd. | **94,257** | 87,558 |
| CIP Inc. | | |
| Bank loans due 1985-1996 | **666,303** | 758,657 |
| Sundry – due 1984-1993 | **24,064** | 22,161 |
| Great Lakes Forest Products Limited | | |
| Bank loans due 1985-1990 | **120,021** | 84,144 |
| 8% – 11¼% Sinking Fund Bonds due 1989-1995 | **39,266** | 41,188 |
| 8¾% Debentures due 1984 | **14,415** | 12,143 |
| Sundry – due 1984-1989 | **13,927** | 17,224 |

| | | |
|---|---|---|
| The Algoma Steel Corporation, Limited | | |
| Bank loan due 1985-1993 | **90,000** | 4,301 |
| 7⅜% – 17⅜% Sinking Fund Debentures due 1987-1997 | **191,800** | 198,699 |
| Floating Rate Debenture due 1990 | **122,434** | 122,434 |
| Floating Rate Income Debentures due 1994-1999 | **106,880** | 106,880 |
| 9.65% Note due 1984-2000 | **34,000** | 35,000 |
| AMCA International Limited | | |
| Bank loans due 1984-1998 | **264,929** | 273,662 |
| 8¼% – 11½% Debentures due 1984-1998 | **184,454** | 63,124 |
| Other notes payable 1984-1997 | **63,054** | 88,215 |
| Marathon Realty Company Limited | | |
| Bank loans due 1984-1987 | **107,146** | 113,413 |
| 6½% – 17½% Sinking Fund Bonds due 1987-2003 | **168,281** | 151,734 |
| Mortgages due 1984-2014 | **362,984** | 373,343 |
| Sundry – due 1985-1991 | **79,799** | 80,392 |
| Maple Leaf Mills Limited | | |
| Bank loan due 1984-1988 | **10,000** | 10,000 |
| 8½% – 11⅝% Sinking Fund Debentures due 1988-1998 | **42,846** | 45,573 |
| Sundry – due 1984-1988 | **7,824** | 8,425 |
| CanPac AgriProducts Limited | | |
| Sundry – due 1984-1990 | **15,517** | 18,868 |
| Canadian Pacific Securities Limited | | |
| Bank loan due 1984-1985 | **2,140** | 3,210 |
| 8¼% – 10½% Debentures due 1984-1993 | **89,539** | 92,150 |
| 11⅞% – 17¾% Notes due 1986-1990 | **299,836** | 223,134 |
| 6⅜% – 7½% Guaranteed Notes due 1988 | **154,230** | 154,230 |
| Other companies | **26,124** | 50,671 |
| | **5,536,445** | 5,538,691 |
| Less: Long term debt maturing within one year | **423,795** | 403,377 |
| | **$ 5,112,650** | $ 5,135,314 |

Collateral Trust Bonds of Canadian Pacific Limited are secured by pledge of Perpetual 4% Consolidated Debenture Stock aggregating in principal amount $702,725,000 at December 31, 1983 (1982 – $762,175,000).

Of the aggregate bank loans of $2,326,149,000 included above, approximately $1,830,328,000 bear interest at rates which fluctuate with bank prime or money market rates.

At December 31, 1983, foreign currency long term debt, denominated principally in United States dollars, translated at current rates would be $2,680,026,000, which is $109,878,000 more than the amount at which it is carried above.

Annual maturities and sinking fund requirements for each of the five years following 1983 are:
1984 – $423,795,000; 1985 – $402,561,000;
1986 – $401,929,000; 1987 – $529,637,000;
1988 – $733,998,000.

## 12. Perpetual 4% Consolidated Debenture Stock

| Currency of Issue | 1983 Sterling | 1983 United States Dollar | 1983 Canadian Dollar | 1983 Total | 1982 Total |
|---|---|---|---|---|---|
| | (in thousands) | | | | |
| Issued | £ 46,757 | $ 548,120 | $ 219,605 | **$ 995,274** | $ 1,054,724 |
| Less: Pledged as collateral | — | 483,120 | 219,605 | **702,725** | 762,175 |
| | £ 46,757 | $ 65,000 | $ — | **$ 292,549** | $ 292,549 |

Sterling translated at Canadian $4.86⅔ to the £1; U.S. dollars on the basis of one Canadian dollar equals one U.S. dollar. At December 31, 1983 translated at current rates, the net amount outstanding would be $164,944,000.

## 13. Minority Shareholders' Interest in Subsidiary Companies

| | 1983 | 1982 |
|---|---|---|
| | (in thousands) | |
| Canadian Pacific Air Lines, Limited | | |
| Floating rate preference shares, series A | **$ 50,000** | $ 50,000 |
| Soo Line Railroad Company | **133,070** | 111,555 |
| Canadian Pacific Enterprises Limited | **876,156** | 885,437 |
| PanCanadian Petroleum Limited | **134,598** | 117,969 |
| Cominco Ltd. | | |
| $2.00 Tax deferred exchangeable preferred shares, series A | **43,061** | 44,709 |
| Floating rate preferred shares, series C | **50,000** | 50,000 |
| $3.25 Cumulative redeemable preferred shares, series D | **50,000** | 50,000 |
| Common share equity | **366,254** | 353,156 |
| Steep Rock Resources Inc. | **2,531** | 12,944 |
| CIP Inc. | **24,782** | 29,642 |
| Great Lakes Forest Products Limited | **145,001** | 152,537 |
| The Algoma Steel Corporation, Limited | | |
| 8% Tax deferred preference shares, series A | **47,725** | 50,530 |
| Floating rate preference shares | **80,000** | 80,000 |
| $2.00 Cumulative redeemable convertible class B preference shares | **95,000** | — |
| Common share equity | **261,129** | 315,093 |
| AMCA International Limited | | |
| 8.84% Cumulative redeemable retractable preferred shares | **75,000** | — |
| Common share equity | **228,454** | 271,650 |
| Other | **11,594** | 11,369 |
| | **$ 2,674,355** | $ 2,586,591 |

## 14. Preferred Shares

The series A preferred shares may be redeemed by the Company at any time after January 1, 1984 at $10.00 per share. In addition, shares may be purchased for cancellation subject to certain price restrictions.

The Company is obligated to apply up to $2,000,000 in each year to the purchase of series A preferred shares, if available, at a price not exceeding $10.00 per share plus reasonable costs on purchases made after January 1, 1984.

| | **1983** | | 1982 | | 1981 | |
|---|---|---|---|---|---|---|
| | Number | Amount | Number | Amount | Number | Amount |
| | | | (in thousands) | | | |
| Balance, January 1 | **1,423** | **$ 14,231** | 1,660 | $ 16,596 | 1,979 | $ 19,790 |
| Purchased | **152** | **1,522** | 237 | 2,365 | 319 | 3,194 |
| Balance, December 31 | **1,271** | **$ 12,709** | 1,423 | $ 14,231 | 1,660 | $ 16,596 |
| Total cost of shares purchased | | **$ 1,479** | | $ 1,978 | | $ 2,597 |

## 15. Preference Stock

At December 31, 1983, Canadian Pacific Enterprises (Finance) N.V. (a wholly-owned indirect subsidiary of Canadian Pacific Enterprises Limited) held preference stock in the Company with a par value of $878,000 at a total cost of $452,000.

| 16. Industry Segments | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Identifiable assets | | | |
| CP Rail | **$ 2,883,906** | $ 2,657,616 | $ 2,526,640 |
| CP Air | **1,137,129** | 931,319 | 844,749 |
| CP Ships | **734,701** | 752,341 | 718,047 |
| CP Trucks | **166,981** | 152,527 | 140,345 |
| Soo Line Railroad Company | **625,733** | 557,046 | 546,222 |
| CP Telecommunications | **266,844** | 266,162 | 219,546 |
| Miscellaneous | **71,263** | 91,156 | 338,621 |
| Canadian Pacific Enterprises Limited | | | |
| Oil and Gas | **1,907,200** | 1,776,930 | 1,528,173 |
| Mines and Minerals | **2,317,186** | 2,350,785 | 2,196,655 |
| Forest Products | **2,468,621** | 2,464,268 | 2,299,658 |
| Iron and Steel | **3,041,463** | 3,180,669 | 2,913,085 |
| Real Estate | **1,217,822** | 1,193,222 | 1,083,030 |
| Agriproducts | **452,318** | 370,538 | 361,453 |
| Other Businesses | **93,749** | 285,434 | 277,533 |
| Financial | **1,261,753** | 1,137,058 | 838,857 |
| Eliminations | **(1,044,720)** | (894,037) | (502,429) |
| | **$17,601,949** | $17,273,034 | $16,330,185 |
| Capital expenditures | | | |
| CP Rail | **$ 363,039** | $ 314,252 | $ 317,135 |
| CP Air | **57,570** | 230,419 | 242,211 |
| CP Ships | **43,390** | 91,883 | 107,797 |
| CP Trucks | **17,698** | 15,415 | 21,089 |
| Soo Line Railroad Company | **28,010** | 14,334 | 36,471 |
| CP Telecommunications | **22,380** | 34,167 | 38,059 |
| Miscellaneous | **990** | 863 | 4,751 |
| Canadian Pacific Enterprises Limited | | | |
| Oil and Gas | **222,495** | 278,797 | 308,728 |
| Mines and Minerals | **122,893** | 283,291 | 471,107 |
| Forest Products | **95,873** | 271,491 | 227,770 |
| Iron and Steel | **62,564** | 222,276 | 327,419 |
| Real Estate | **93,377** | 161,659 | 174,728 |
| Agriproducts | **24,231** | 25,147 | 20,964 |
| Other Businesses | **18,575** | 22,106 | 24,203 |
| Financial | **61** | 610 | 295 |
| | **$ 1,173,146** | $ 1,966,710 | $ 2,322,727 |

## 17. Geographic Segments

| | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Canada | | | |
| Revenues | | | |
| Domestic | **$ 7,090,206** | $ 6,408,992 | $ 6,192,965 |
| Export – U.S. | **1,389,151** | 1,426,317 | 1,598,011 |
| – Other | **881,787** | 844,079 | 729,650 |
| International transportation revenues | **927,504** | 894,365 | 906,415 |
| Inter-area transfers | **162,503** | 275,722 | 415,207 |
| | **10,451,151** | 9,849,475 | 9,842,248 |
| Inter-company revenues | **(478,179)** | (485,225) | (447,074) |
| Total revenues | **9,972,972** | 9,364,250 | 9,395,174 |
| Net income before income taxes and minority interest | **461,011** | 371,460 | 1,136,247 |
| Net income | **$ 199,641** | $ 151,732 | $ 370,703 |
| Identifiable assets | **$ 14,741,882** | $ 14,153,312 | $ 13,303,278 |
| United States | | | |
| Revenues | **$ 2,330,482** | $ 2,558,114 | $ 2,610,433 |
| Inter-area transfers | **154,747** | 193,595 | 222,768 |
| Total revenues | **2,485,229** | 2,751,709 | 2,833,201 |
| Net income before income taxes and minority interest | **(90,489)** | 50,428 | 194,818 |
| Net income | **$ 310** | $ 31,356 | $ 55,010 |
| Identifiable assets | **$ 2,703,974** | $ 2,720,199 | $ 2,326,630 |
| Other Countries | | | |
| Revenues | **$ 383,707** | $ 385,314 | $ 409,663 |
| Inter-area transfers | **26,413** | 94,814 | 45,348 |
| Total revenues | **410,120** | 480,128 | 455,011 |
| Net income before income taxes and minority interest | **76,178** | 110,437 | 74,465 |
| Net income | **$ 17,934** | $ 25,241 | $ 16,084 |
| Identifiable assets | **$ 480,769** | $ 541,219 | $ 484,659 |
| International – Seagoing | | | |
| Revenues | **$ 234,639** | $ 269,939 | $ 336,203 |
| Net income before income taxes | **(77,226)** | (19,956) | 43,197 |
| Net income | **$ (74,293)** | $ (20,035) | $ 43,782 |
| Identifiable assets | **$ 720,044** | $ 752,341 | $ 718,047 |
| Summary | | | |
| Revenues | **$ 13,102,960** | $ 12,866,026 | $ 13,019,589 |
| Inter-area transfers | **(343,663)** | (564,131) | (683,323) |
| Total revenues | **12,759,297** | 12,301,895 | 12,336,266 |
| Net income | **$ 143,592** | $ 188,294 | $ 485,579 |
| Identifiable assets | **$ 18,646,669** | $ 18,167,071 | $ 16,832,614 |
| Eliminations | **(1,044,720)** | (894,037) | (502,429) |
| | **$ 17,601,949** | $ 17,273,034 | $ 16,330,185 |

## 18. Pensions

At December 31, 1983, there were unfunded liabilities, determined by actuarial evaluations, of $651,000,000, which is being funded by series of equal annual payments ending from 1984 to 2004, and $222,500,000, which is being funded by equal annual payments to 2027.

Pension expense, including current service costs and payments on account of unfunded liabilities, was $232,000,000 in 1983 (1982 – $247,000,000; 1981 – $225,000,000).

## 19. Commitments

At December 31, 1983, commitments for capital expenditures amounted to $746,000,000 and minimum payments under operating leases were estimated at $582,000,000 in the aggregate, with annual payments in each of the five years following 1983 of:

1984 – $91,000,000; 1985 – $78,000,000;
1986 – $61,000,000; 1987 – $50,000,000;
1988 – $42,000,000.

At December 31, 1983, unused commitments for long term financing amounted to $1,097,000,000 at interest rates varying with bank prime or money market rates, with commitment fees on $1,035,000,000 ranging from ⅛% to ¼%.

Unused lines of credit for short term financing, subject to periodic review, repayable on demand and at various maturities up to 365 days, amounted to $1,333,000,000 on which interest rates vary with bank prime or money market rates.

## 20. Contingencies

The Company is a defendant in two actions brought by certain minority shareholders of Ontario and Quebec Railway Company, the railway of which the Company operates under a perpetual lease, alleging misuse of assets, breaches and termination of the perpetual lease, and claiming entitlement to the proceeds from the sale of Ontario and Quebec Railway Company's surplus lands and, in the alternative, substantial damages. The trial of these actions was concluded in December 1977 and the plaintiffs' actions succeeded in part. The Company appealed and the plaintiffs cross-appealed. On December 21, 1981, the Ontario Court of Appeal pronounced judgment allowing the Company's appeals, dismissing the plaintiffs' cross-appeals and substantially reversing the partial success that the plaintiffs had achieved at trial. The resulting judgments will not have any adverse effect on the financial condition of the Company. On June 22, 1982, the plaintiffs obtained leave to appeal to the Supreme Court of Canada from the judgments of the Court of Appeal but their appeals have not yet been heard. The Company believes that these appeals will not result in a judgment that will have a materially adverse effect on the financial condition of the Company.

On September 4, 1981, a representative of the holders of the consolidated debenture stock of the Ontario and Quebec Railway Company, who had been granted status by the Court as an intervenant in the above-mentioned appeal proceedings, commenced an action in the Supreme Court of Ontario on their behalf and on behalf of the minority shareholders of the Ontario and Quebec Railway Company against the Company, the Mercantile-Safe Deposit & Trust Company, and the Ontario and Quebec Railway Company seeking declarations respecting the ownership of rolling stock of the Company, a series of accounting proceedings relating to the rolling stock, a declaration that the Company's perpetual lease of the Ontario and Quebec Railway is void and damages. Counsel for the Company are of the opinion that this action can be successfully defended.

## 21. Acquisitions

On July 6, 1982, through an indirect wholly-owned subsidiary, AMCA International made a cash tender offer for any or all of the outstanding common shares of Giddings & Lewis, Inc., a U.S. company engaged in the design, manufacture and sale of machine tools, machine tool accessories and industrial products. As of the conclusion of the tender offer on August 2, 1982, approximately 97% of the shares had been purchased. The remaining shares were acquired on October 4, 1982, pursuant to a merger between Giddings & Lewis and an AMCA subsidiary. The total cost of the acquisition amounted to $389,982,000, of which $105,712,000 was provided from cash on hand and the balance from a bank loan.

On October 1, 1981, a subsidiary of Enterprises acquired all the common stock of CIP Inc. at a cost of $1,102,770,000. The consideration was initially provided by $102,770,000 from cash on hand and $340,000,000 from bank loans; the balance was paid on January 4, 1982, by $150,000,000 from cash on hand and $510,000,000 from bank loans. Maple Leaf Mills Limited acquired in April 1981 Gordon Young Limited, for $4,895,000 in cash and $5,000,000 in notes.

All these acquisitions were accounted for as purchases and consolidated from the dates of acquisition, and, with the exception of CIP Inc., they had no material effect upon the consolidated financial position or consolidated net income of the Company.

## 22. Restatement

During 1983, the Soo Line Railroad Company (Soo Line) adopted on a retroactive basis a change from betterment accounting to depreciation accounting for track structures. The revised basis of accounting conforms with the method used by the Soo Line in its reporting to the Interstate Commerce Commission in the United States.

As a result of this change, CP Limited's consolidated retained income at January 1, 1983 increased by $24,721,000. This increase is applicable to the following periods:

| | 1982 | 1981 | Prior to 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Increase in Soo Line net income | $ 1,490 | $ 10,100 | $ 32,801 |
| Minority interest | 660 | 4,476 | 14,534 |
| Increase in net income applicable to CP Limited | $ 830 | $ 5,624 | $ 18,267 |

The increase in Soo Line's 1983 net income as a result of the change in accounting is $2,704,000, of which $1,506,000 applies to CP Limited. The revised basis of accounting also increases the amounts reported for Soo Line properties and accumulated depreciation by $202,000,000 and $141,000,000 respectively.

## 23. Reclassifications

Certain prior years' figures have been reclassified to conform with the presentation adopted for 1983.

## 24. Supplementary Data

The discussion of Canadian and United States Accounting Principles included in Supplementary Data is an integral part of these financial statements.

The following data are provided to comply with certain disclosure requirements of the Securities and Exchange Commission (SEC) of the United States and recommendations of the Canadian Institute of Chartered Accountants.

### Canadian and United States Accounting Principles

The consolidated financial statements of CP Limited have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada, as promulgated by the Canadian Institute of Chartered Accountants. Over the years, a number of differences have developed between the accounting principles generally accepted in Canada and in the United States. For the information of the Company's United States shareholders, the major differences are described below and their effect on the Company's net income is summarized, their effect on the balance sheet not being significant.

The full cost method of accounting for Oil and Gas as promulgated by the SEC differs from the method followed by the Company in a number of respects. The primary differences are that Canadian GAAP permits capitalization of overhead which the SEC requires to be expensed and that Canadian GAAP permits the use of a world-wide full cost pool whereas the SEC requires that the cost centres be established on a country-by-country basis.

The method of recording income from land sales and gains on sale of income properties in proportion to proceeds realized and the sinking fund method of providing depreciation followed by the Real Estate segment in accordance with Canadian GAAP are not acceptable methods under United States GAAP. If United States accounting principles had been followed, income from land sales and gains on sale of income properties would have been recorded in total in the years that the transactions occurred and the straight-line method of depreciation would have been used.

Canadian GAAP permits deferred income tax balances to be carried forward on the balance sheet of an acquired company after a change in control, while United States GAAP requires such balances to be eliminated. Accordingly, when CIP was acquired, its deferred income tax balances were carried forward and since CIP recorded a loss in 1983 and 1982, the tax benefit of the loss carry forward has been recognized to the extent permissible under Canadian GAAP, by reducing deferred income taxes.

CP Limited follows the Canadian practice of translating non-current foreign currency denominated assets and liabilities at historic exchange rates, whereas United States GAAP requires such items to be translated at current rates. The Company also follows the Canadian practice of including in income any gain or loss arising from the translation of its foreign subsidiaries' financial statements, whereas under United States GAAP such gains or losses are included as a separate component of equity.

| | 1983 | 1982 | 1981 | 1980 | 1979 |
|---|---|---|---|---|---|
| | | | (in thousands) | | |
| Net income – Canadian GAAP | $ 143,592 | $ 188,294 | $ 485,579 | $ 583,157 | $ 508,142 |
| Increased or (decreased) by: | | | | | |
| Oil and Gas | (7,438) | (10,802) | (7,236) | (3,620) | (7,162) |
| Real Estate | (6,104) | (3,742) | (3,902) | (1,847) | (2,149) |
| Deferred Income Taxes | (21,190) | (37,206) | — | — | — |
| Foreign Exchange | (10,144) | (40,102) | 12,846 | (1,132) | 23,312 |
| | (44,876) | (91,852) | 1,708 | (6,599) | 14,001 |
| Net income – United States GAAP | $ 98,716 | $ 96,442 | $ 487,287 | $ 576,558 | $ 522,143 |
| Earnings per Ordinary Share: | | | | | |
| Canadian GAAP | $ 1.98 | $ 2.60 | $ 6.75 | $ 8.11 | $ 7.06 |
| United States GAAP | 1.36 | 1.32 | 6.78 | 8.02 | 7.26 |

## Oil and Gas Reporting

The following information on oil and gas producing activities was prepared in accordance with Financial Accounting Standards Board Statement No. 69. PanCanadian Petroleum Limited, an indirect subsidiary of CP Limited, has prepared its financial statements utilizing the full cost method of accounting applied on a world-wide cost centre basis, in accordance with Canadian generally accepted accounting principles instead of in accordance with SEC full cost accounting requirements.

## Oil and Gas Production, Exploration and Development (Unaudited)

| | 1983 | 1982 |
|---|---|---|
| Capitalized Costs | (in thousands) | |
| Conventional petroleum and natural gas properties | $ 1,882,848 | $ 1,669,849 |
| Accumulated depletion and depreciation | 557,842 | 470,355 |
| | 1,325,006 | 1,199,494 |
| Other – net | 318,494 | 334,919 |
| | $ 1,643,500 | $ 1,534,413 |

Costs Incurred in Conventional Oil and Gas Activities

| Country | Property Acquisition | Exploration | Development |
|---|---|---|---|
| 1983 | | (in thousands) | |
| Canada | $ 21,406 | $ 82,044 | $ 77,247 |
| United States | 8,072 | 14,275 | 7,962 |
| Other | 45 | 1,881 | — |
| | $ 29,523 | $ 98,200 | $ 85,209 |
| 1982 | | | |
| Canada | $ 12,890 | $ 62,959 | $ 92,108 |
| United States | 8,991 | 16,366 | 12,758 |
| Other | 6 | 7,165 | — |
| | $ 21,887 | $ 86,490 | $ 104,866 |
| 1981 | | | |
| Canada | $ 12,809 | $ 59,522 | $ 88,243 |
| United States | 6,345 | 20,831 | 6,021 |
| Other | 39 | 1,293 | — |
| | $ 19,193 | $ 81,646 | $ 94,264 |

## Results of Operations for Producing Activities (Unaudited)

| PanCanadian's conventional oil and gas producing activities may be summarized as follows: | Canada | United States | Total |
|---|---|---|---|
| | | (in thousands) | |
| **1983** | | | |
| Gross operating revenue | $ 680,518 | $ 19,818 | $ 700,336 |
| Operating expenses | 85,491 | 3,756 | 89,247 |
| Depreciation | 27,619 | 1,071 | 28,690 |
| | 113,110 | 4,827 | 117,937 |
| Net operating revenue | $ 567,408 | $ 14,991 | 582,399 |
| Depletion | | | 59,634 |
| Income and revenue taxes | | | 280,139 |
| | | | 339,773 |
| Income from operations | | | $ 242,626 |
| **1982** | | | |
| Gross operating revenue | $ 603,572 | $ 17,611 | $ 621,183 |
| Operating expenses | 76,629 | 2,754 | 79,383 |
| Depreciation | 23,008 | 1,027 | 24,035 |
| | 99,637 | 3,781 | 103,418 |
| Net operating revenue | $ 503,935 | $ 13,830 | 517,765 |
| Depletion | | | 53,713 |
| Income and revenue taxes | | | 241,482 |
| | | | 295,195 |
| Income from operations | | | $ 222,570 |
| **1981** | | | |
| Gross operating revenue | $ 467,398 | $ 17,515 | $ 484,913 |
| Operating expenses | 56,256 | 2,170 | 58,426 |
| Depreciation | 17,879 | 802 | 18,681 |
| | 74,135 | 2,972 | 77,107 |
| Net operating revenue | $ 393,263 | $ 14,543 | 407,806 |
| Depletion | | | 43,974 |
| Income and revenue taxes | | | 165,696 |
| | | | 209,670 |
| Income from operations | | | $ 198,136 |

The full cost method of accounting on a world-wide cost centre basis does not permit a meaningful segmentation of depletion. The income and revenue taxes relate to Canada only, as the United States operations are in a non-taxable position.

## Oil and Gas Reserves (Unaudited)

PanCanadian's net proved reserves of conventional oil, natural gas and natural gas liquids as estimated by PanCanadian engineers are summarized below. "Net" reserves are the gross reserves underlying the properties in which PanCanadian has either a working interest or a royalty interest, less all royalties and interests owned by others.

| | Oil (including natural gas liquids) (thousands of barrels) | | | Gas (billion cubic feet) | | |
|---|---|---|---|---|---|---|
| | Canada | United States | Total | Canada | United States | Total |
| Net proved reserves: December 31, 1980 | 99,229 | 1,005 | 100,234 | 2,278 | 24 | 2,302 |
| Revisions of previous estimates | 9,661 | (310) | 9,351 | 128 | (5) | 123 |
| Extensions and discoveries | 7,122 | 217 | 7,339 | 149 | 1 | 150 |
| 1981 Production | (12,221) | (234) | (12,455) | (99) | (3) | (102) |
| Net proved reserves: December 31, 1981 | 103,791 | 678 | 104,469 | 2,456 | 17 | 2,473 |
| Revisions of previous estimates | 3,363 | (5) | 3,358 | 96 | 2 | 98 |
| Extensions and discoveries | 5,188 | 292 | 5,480 | 126 | 6 | 132 |
| 1982 Production | (12,244) | (218) | (12,462) | (113) | (2) | (115) |
| Net proved reserves: December 31, 1982 | 100,098 | 747 | 100,845 | 2,565 | 23 | 2,588 |
| Revisions of previous estimates | 7,717 | 92 | 7,809 | 138 | (6) | 132 |
| Extensions and discoveries | 9,264 | 490 | 9,754 | 116 | 5 | 121 |
| 1983 Production | (13,703) | (249) | (13,952) | (102) | (3) | (105) |
| Net proved reserves: December 31, 1983 | 103,376 | 1,080 | 104,456 | 2,717 | 19 | 2,736 |

Proved reserves are considered to be those reserves which geological and engineering data demonstrate with a high degree of certainty to be recoverable in the future at commercial production rates under present depletion methods and current operating conditions, prices and costs. Essentially all of PanCanadian's proved crude oil reserves are considered to be developed and recoverable through existing wells with existing facilities. In the case of PanCanadian's proved natural gas and associated liquids reserves, sufficient wells exist in most instances to meet required initial withdrawal rates from the respective reservoirs. As a result, the natural gas and natural gas liquids reserves are considered to be developed even though additional drilling will be required in certain cases to drain effectively the respective reservoirs in a desirable length of time.

## Standardized Measure of Discounted Future Net Cash Flows (Unaudited)

The Financial Accounting Standards Board acknowledges that the standardized measure of discounted net cash flows cannot be considered an estimate of fair market value. Likewise it follows that the inclusion of this information should not be interpreted as indicating that PanCanadian believes that valid inferences as to the probable measure of fair market value or future economic position can be derived therefrom. The method gives no recognition of the value that can be attributed to unproved acreage or to probable reserves that may be recovered from existing proved properties.

The prescribed discount factor of 10% applied uniformly to all conventional oil and gas activities may not be appropriate in all circumstances, and the requirement that oil and gas price increases cannot be anticipated beyond those established at the year end or by existing contractual arrangements may not be realistic over the estimated producing life of the reserves under consideration.

The standardized measure of discounted future net cash flows is set forth below:

| | Canada | United States | Total |
|---|---|---|---|
| 1983 | | (in thousands) | |
| Future cash inflows | $10,925,117 | $ 116,878 | $11,041,995 |
| Future production and development costs | 2,862,877 | 25,713 | 2,888,590 |
| Future income tax expenses | 2,931,840 | — | 2,931,840 |
| Future revenue tax expenses | 1,162,600 | — | 1,162,600 |
| Future net cash flows | 3,967,800 | 91,165 | 4,058,965 |
| 10% annual discount for estimated timing of cash flows | 2,153,365 | 30,676 | 2,184,041 |
| Standardized measure of discounted future net cash flows | $ 1,814,435 | $ 60,489 | $ 1,874,924 |
| 1982 | | | |
| Future cash inflows | $11,085,024 | $ 98,578 | $11,183,602 |
| Future production and development costs | 2,497,366 | 21,687 | 2,519,053 |
| Future income tax expenses | 2,990,681 | — | 2,990,681 |
| Future revenue tax expenses | 1,281,116 | — | 1,281,116 |
| Future net cash flows | 4,315,861 | 76,891 | 4,392,752 |
| 10% annual discount for estimated timing of cash flows | 2,380,517 | 24,605 | 2,405,122 |
| Standardized measure of discounted future net cash flows | $ 1,935,344 | $ 52,286 | $ 1,987,630 |

Future net cash flows for 1983 were computed using year end prices and year end statutory tax rates (adjusted for permanent differences) that relate to existing proved oil and gas reserves. 1982 future net cash flows were computed in a like manner except for incorporating the July 1, 1983 oil price increase which was provided for under the terms of the federal-provincial energy pricing and taxation agreements.

| The following table sets out the principal sources of change in the standardized measure of discounted future net cash flows: | 1983 | 1982 | 1981 |
|---|---|---|---|
| | | (in thousands) | |
| Standardized measure of discounted future net cash flows at beginning of year | $ 1,987,630 | $ 2,411,374 | $ 1,434,060 |
| Add: | | | |
| Net changes in prices and production costs | — | — | 2,645,498 |
| Additions to proved reserves net of capital and production costs | 131,268 | 126,521 | 147,429 |
| Expenditures that reduced estimated future development costs | 19,164 | 83,210 | 83,541 |
| Accretion of discount | 368,526 | 520,567 | 262,751 |
| Revisions of previous estimates | 101,553 | 646,197 | — |
| Net changes in income and revenue taxes | 74,108 | 799,418 | — |
| | 694,619 | 2,175,913 | 3,139,219 |
| Deduct: | | | |
| Net changes in prices and production costs | 244,399 | 2,058,285 | — |
| Sales of oil and gas produced, net of production costs and mineral taxes | 562,926 | 541,372 | 426,258 |
| Revisions of previous estimates | — | — | 134,793 |
| Net changes in income and revenue taxes | — | — | 1,600,854 |
| | 807,325 | 2,599,657 | 2,161,905 |
| Standardized measure of discounted future net cash flows at end of year | $ 1,874,924 | $ 1,987,630 | $ 2,411,374 |

## Taxation of United States Shareholders

Under the terms of the Canadian Income Tax Act and the United States-Canada tax convention, taxable dividends paid to United States resident shareholders of CP Limited (other than tax exempt organizations) are subject to a Canadian withholding tax of 15%.

Generally, capital gains on the disposition by non-residents of securities issued by CP Limited are exempt from Canadian tax unless the securities are held in the conduct of a Canadian business.

## Quarterly Financial Information (Unaudited)

Statement of Consolidated Income

| | 1983 | | | |
|---|---|---|---|---|
| For the three months ended | March 31 | June 30 | September 30 | December 31 |
| | (in thousands) | | | |
| **CP Rail** | | | | |
| Revenues | $ 590,885 | $ 617,175 | $ 565,984 | $ 655,628 |
| Expenses including income taxes | 533,897 | 567,825 | 539,808 | 604,173 |
| Net income | 56,988 | 49,350 | 26,176 | 51,455 |
| **CP Air** | | | | |
| Revenues | 190,631 | 224,732 | 267,563 | 222,508 |
| Expenses including income taxes | 204,983 | 230,723 | 254,345 | 228,510 |
| | (14,352) | (5,991) | 13,218 | (6,002) |
| Preference dividend | 862 | 812 | 803 | 804 |
| Net income | (15,214) | (6,803) | 12,415 | (6,806) |
| **CP Ships** | | | | |
| Revenues | 52,971 | 59,889 | 57,376 | 63,369 |
| Expenses including income taxes | 65,844 | 75,939 | 68,638 | 97,477 |
| Net income | (12,873) | (16,050) | (11,262) | (34,108) |
| **CP Trucks** | | | | |
| Revenues | 75,835 | 80,894 | 87,845 | 89,353 |
| Expenses including income taxes | 76,068 | 80,394 | 85,866 | 85,703 |
| Net income | (233) | 500 | 1,979 | 3,650 |
| **Soo Line Railroad Company** | | | | |
| Revenues | 84,762 | 85,172 | 103,764 | 100,435 |
| Expenses including income taxes | 82,887 | 83,937 | 97,484 | 88,889 |
| | 1,875 | 1,235 | 6,280 | 11,546 |
| Minority interest | 831 | 547 | 2,783 | 5,116 |
| Net income | 1,044 | 688 | 3,497 | 6,430 |
| **CP Telecommunications** | | | | |
| Revenues | 38,376 | 39,304 | 39,605 | 40,222 |
| Expenses including income taxes | 36,948 | 37,768 | 38,029 | 38,343 |
| Net income | 1,428 | 1,536 | 1,576 | 1,879 |
| **Miscellaneous** | | | | |
| Net income | (1,832) | (5,275) | (4,335) | (6,318) |
| **Transportation and Miscellaneous** | | | | |
| Net income | 29,308 | 23,946 | 30,046 | 16,182 |
| **Canadian Pacific Enterprises Limited** | | | | |
| Revenues | 1,887,651 | 2,212,344 | 2,154,254 | 2,397,990 |
| Expenses including income taxes | 1,898,202 | 2,219,415 | 2,161,225 | 2,377,817 |
| | (10,551) | (7,071) | (6,971) | 20,173 |
| Minority interest | (13,424) | (11,807) | (17,896) | (5,403) |
| Net income | 2,873 | 4,736 | 10,925 | 25,576 |
| Net Income | $ 32,181 | $ 28,682 | $ 40,971 | $ 41,758 |
| Earnings per Ordinary Share | $ 0.44 | $ 0.40 | $ 0.57 | $ 0.57 |

## Quarterly Financial Information (Unaudited)

Statement of Consolidated Income

| | 1982 | | | |
|---|---|---|---|---|
| For the three months ended | March 31 | June 30 | September 30 | December 31 |
| | (in thousands) | | | |
| CP Rail | | | | |
| Revenues | $ 532,693 | $ 541,091 | $ 500,789 | $ 572,501 |
| Expenses including income taxes | 518,770 | 515,748 | 471,839 | 522,844 |
| Net income | 13,923 | 25,343 | 28,950 | 49,657 |
| CP Air | | | | |
| Revenues | 182,217 | 225,828 | 282,409 | 202,688 |
| Expenses including income taxes | 201,941 | 234,084 | 271,310 | 220,499 |
| | (19,724) | (8,256) | 11,099 | (17,811) |
| Preference dividend | 1,142 | 1,160 | 1,208 | 1,012 |
| Net income | (20,866) | (9,416) | 9,891 | (18,823) |
| CP Ships | | | | |
| Revenues | 68,402 | 75,316 | 64,329 | 61,892 |
| Expenses including income taxes | 71,845 | 75,263 | 72,529 | 70,337 |
| Net income | (3,443) | 53 | (8,200) | (8,445) |
| CP Trucks | | | | |
| Revenues | 72,648 | 74,497 | 72,548 | 72,069 |
| Expenses including income taxes | 72,600 | 73,523 | 71,204 | 72,884 |
| Net income | 48 | 974 | 1,344 | (815) |
| Soo Line Railroad Company | | | | |
| Revenues | 95,486 | 93,803 | 91,902 | 86,570 |
| Expenses including income taxes | 83,646 | 83,759 | 92,678 | 83,187 |
| | 11,840 | 10,044 | (776) | 3,383 |
| Minority interest | 5,246 | 4,451 | (344) | 1,499 |
| Net income | 6,594 | 5,593 | (432) | 1,884 |
| CP Telecommunications | | | | |
| Revenues | 37,980 | 38,489 | 38,392 | 37,576 |
| Expenses including income taxes | 36,961 | 37,188 | 36,983 | 36,202 |
| Net income | 1,019 | 1,301 | 1,409 | 1,374 |
| Miscellaneous | | | | |
| Net income | 719 | (1,153) | 3,513 | 298 |
| Transportation and Miscellaneous | | | | |
| Net income | (2,006) | 22,695 | 36,475 | 25,130 |
| Canadian Pacific Enterprises Limited | | | | |
| Revenues | 2,189,458 | 2,231,684 | 1,988,754 | 2,084,767 |
| Expenses including income taxes | 2,086,190 | 2,136,229 | 1,993,002 | 2,080,418 |
| | 103,268 | 95,455 | (4,248) | 4,349 |
| Minority interest | 54,404 | 54,423 | (10,649) | (5,354) |
| Net income | 48,864 | 41,032 | 6,401 | 9,703 |
| Net Income | $ 46,858 | $ 63,727 | $ 42,876 | $ 34,833 |
| Earnings per Ordinary Share | $ 0.65 | $ 0.88 | $ 0.59 | $ 0.48 |

## Quarterly Financial Information (Unaudited)

*Canadian Pacific Enterprises Limited – Net Income*

| | 1983 | | | |
|---|---|---|---|---|
| For the three months ended | March 31 | June 30 | September 30 | December 31 |
| | (in thousands) | | | |
| **Oil and Gas** | | | | |
| Gross operating revenue | $ 226,602 | $ 207,823 | $ 200,215 | $ 249,747 |
| Expenses including income and revenue taxes | 160,419 | 154,334 | 146,579 | 181,964 |
| | 66,183 | 53,489 | 53,636 | 67,783 |
| Interest of outside shareholders | 8,551 | 6,911 | 6,929 | 8,758 |
| Net income | 57,632 | 46,578 | 46,707 | 59,025 |
| **Mines and Minerals** | | | | |
| Gross operating revenue | 339,216 | 479,951 | 334,210 | 458,171 |
| Expenses including income taxes | 356,443 | 485,254 | 352,719 | 455,393 |
| | (17,227) | (5,303) | (18,509) | 2,778 |
| Interest of outside shareholders | (8,172) | (1,149) | (6,116) | 2,659 |
| Net income | (9,055) | (4,154) | (12,393) | 119 |
| **Forest Products** | | | | |
| Sales and operating revenue | 400,333 | 462,761 | 480,542 | 488,541 |
| Expenses including income taxes | 441,403 | 494,048 | 502,581 | 509,703 |
| | (41,070) | (31,287) | (22,039) | (21,162) |
| Interest of outside shareholders | (5,689) | (3,977) | (3,845) | (3,235) |
| Net income | (35,381) | (27,310) | (18,194) | (17,927) |
| **Iron and Steel** | | | | |
| Sales and operating revenue | 529,554 | 607,259 | 634,150 | 683,642 |
| Expenses including income taxes | 560,571 | 646,243 | 679,944 | 733,081 |
| | (31,017) | (38,984) | (45,794) | (49,439) |
| Interest of outside shareholders | (9,994) | (16,198) | (20,254) | (25,362) |
| Net income | (21,023) | (22,786) | (25,540) | (24,077) |
| **Real Estate** | | | | |
| Gross rentals and other income | 66,636 | 62,544 | 72,333 | 72,570 |
| Expenses including income taxes | 57,568 | 58,370 | 65,588 | 66,346 |
| | 9,068 | 4,174 | 6,745 | 6,224 |
| Interest of outside shareholders | 82 | 96 | 101 | 71 |
| Net income | 8,986 | 4,078 | 6,644 | 6,153 |
| **Agriproducts** | | | | |
| Gross operating revenue | 244,157 | 293,716 | 324,380 | 367,098 |
| Expenses including income taxes | 241,696 | 288,970 | 317,352 | 358,184 |
| | 2,461 | 4,746 | 7,028 | 8,914 |
| Interest of outside shareholders | 583 | 504 | 649 | 811 |
| Net income | 1,878 | 4,242 | 6,379 | 8,103 |
| **Other Businesses** | | | | |
| Gross operating revenue | 70,976 | 87,755 | 100,303 | 63,876 |
| Expenses including income taxes | 72,215 | 83,288 | 90,034 | 62,091 |
| Net income | (1,239) | 4,467 | 10,269 | 1,785 |
| **Financial** | | | | |
| Gross operating revenue | 34,587 | 35,642 | 35,249 | 36,770 |
| Expenses including income taxes | 32,297 | 34,015 | 33,556 | 33,480 |
| Net income | 2,290 | 1,627 | 1,693 | 3,290 |
| Canadian Pacific Enterprises Limited – Net income | 4,088 | 6,742 | 15,565 | 36,471 |
| Minority interest | 1,215 | 2,006 | 4,640 | 10,895 |
| Net Income | $ 2,873 | $ 4,736 | $ 10,925 | $ 25,576 |

## Quarterly Financial Information (Unaudited)

*Canadian Pacific Enterprises Limited – Net Income*

| For the three months ended | 1982 March 31 | June 30 | September 30 | December 31 |
|---|---|---|---|---|
| | (in thousands) | | | |
| **Oil and Gas** | | | | |
| Gross operating revenue | $ 184,508 | $ 177,452 | $ 190,958 | $ 239,681 |
| Expenses including income and revenue taxes | 132,515 | 129,196 | 132,264 | 167,958 |
| | 51,993 | 48,256 | 58,694 | 71,723 |
| Interest of outside shareholders | 6,717 | 6,235 | 7,583 | 9,267 |
| Net income | 45,276 | 42,021 | 51,111 | 62,456 |
| **Mines and Minerals** | | | | |
| Gross operating revenue | 338,326 | 495,293 | 349,043 | 371,672 |
| Expenses including income taxes | 353,046 | 473,183 | 368,602 | 382,570 |
| | (14,720) | 22,110 | (19,559) | (10,898) |
| Interest of outside shareholders | (6,128) | 9,066 | (8,511) | (4,296) |
| Net income | (8,592) | 13,044 | (11,048) | (6,602) |
| **Forest Products** | | | | |
| Sales and operating revenue | 474,870 | 421,010 | 374,990 | 383,258 |
| Expenses including income taxes | 478,281 | 441,382 | 406,100 | 421,025 |
| | (3,411) | (20,372) | (31,110) | (37,767) |
| Interest of outside shareholders | 5,194 | 875 | 2,116 | (3,501) |
| Net income | (8,605) | (21,247) | (33,226) | (34,266) |
| **Iron and Steel** | | | | |
| Sales and operating revenue | 774,060 | 667,287 | 611,247 | 627,877 |
| Expenses including income taxes | 724,400 | 643,615 | 652,718 | 663,936 |
| | 49,660 | 23,672 | (41,471) | (36,059) |
| Interest of outside shareholders | 27,840 | 20,530 | (15,157) | (11,694) |
| Net income | 21,820 | 3,142 | (26,314) | (24,365) |
| **Real Estate** | | | | |
| Gross rentals and other income | 65,024 | 60,924 | 54,473 | 70,644 |
| Expenses including income taxes | 55,119 | 55,597 | 50,564 | 63,218 |
| | 9,905 | 5,327 | 3,909 | 7,426 |
| Interest of outside shareholders | 83 | 85 | 94 | 93 |
| Net income | 9,822 | 5,242 | 3,815 | 7,333 |
| **Agriproducts** | | | | |
| Gross operating revenue | 257,632 | 301,413 | 275,887 | 302,541 |
| Expenses including income taxes | 253,303 | 294,460 | 273,605 | 297,296 |
| | 4,329 | 6,953 | 2,282 | 5,245 |
| Interest of outside shareholders | 427 | 529 | 544 | 689 |
| Net income | 3,902 | 6,424 | 1,738 | 4,556 |
| **Other Businesses** | | | | |
| Gross operating revenue | 70,706 | 84,490 | 95,885 | 76,279 |
| Expenses including income taxes | 69,966 | 80,212 | 87,314 | 74,600 |
| Net income | 740 | 4,278 | 8,571 | 1,679 |
| **Financial** | | | | |
| Gross operating revenue | 35,309 | 39,393 | 58,369 | 36,472 |
| Expenses including income taxes | 30,537 | 34,162 | 43,933 | 33,472 |
| Net income | 4,772 | 5,231 | 14,436 | 3,000 |
| Canadian Pacific Enterprises Limited – Net income | 69,135 | 58,135 | 9,083 | 13,791 |
| Minority interest | 20,271 | 17,103 | 2,682 | 4,088 |
| Net Income | $ 48,864 | $ 41,032 | $ 6,401 | $ 9,703 |

## Reporting the Effects of Changing Prices (Unaudited)

### CICA Experiment on Effects of Changing Prices

Although for many years the accounting profession has grappled with the problem of developing techniques that will measure the impact of changing prices on an enterprise, *there is still no consensus as to what constitutes a proper approach to the problem and as to whether the various techniques developed, when applied, result in information that has any practical usefulness*.

It is against this background that Canada's largest public companies have been invited by the Canadian Institute of Chartered Accountants (CICA) to produce, by way of experiment, supplementary information about the effects of changing prices. While the Company has decided to participate in the experiment, it believes that application of the computational techniques prescribed by the CICA results in data that are of limited value.

The CICA itself concedes that application of its recommendations to oil and gas, mining and forest products operations is not always practicable and may not yield meaningful data. Furthermore, in recognition of the difficulties involved, the CICA decided that income producing real estate and insurance operations, among others, should be exempted from its recommendations. Consequently, the results and assets of Marathon Realty Company and Chateau Insurance Company are included at their historical cost amounts.

### Information about Effects of Changing Prices

In preparing information about the effects of changing prices on inventories and properties, it was assumed, in accordance with the CICA's recommendations, that the Company's level of operations existing at December 31, 1983 would be maintained through replacement with like assets at current prices. In reality, decisions regarding whether or not assets will be replaced and the manner of replacement will be made in the light of future economic, regulatory, technological and competitive conditions. It must not be assumed, therefore, that the Company's operating capability will be maintained in the form and manner assumed in developing the CICA data. It must not also be assumed that the CICA approach, which implies that assets are being renewed as they are consumed, reflects the Company's asset replacement policy. Assets, if they are to be replaced, will be replaced at intervals which may be lengthy and when revenue levels are likely to support replacement costs.

The assumption that operating capability will be maintained is particularly questionable in the context of the Company's natural resource activities. Oil and gas wells and mines are unique in terms of location, ground conditions and potential and when depleted they cannot be specifically replaced. Even if new reserves in existing quantities could be found, the current cost of finding such reserves would be difficult to determine.

For rate regulated enterprises such as CP Air and CNCP Telecommunications rate levels are limited to the recovery of historical costs and cannot provide for the higher current costs of replacing existing assets. Consequently, to compare revenues based on historic costs against inventory and fixed asset charges based on current replacement prices is not totally meaningful.

It should be noted that, in accordance with the CICA's recommendations, income taxes as reported in the Company's audited financial statements have not been restated in computing income on the recommended current cost basis. To call for hypothetical increases to depreciation, cost of goods sold and operating expenses resulting from inflation without giving recognition to a hypothetical reduction in income taxes may, in the Company's opinion, significantly overstate the impact of higher prices on an enterprise.

It should also be noted that the new CICA data were necessarily developed on the basis of assumptions and subjective estimates that are not verifiable and the adoption of different, but equally valid, assumptions could produce materially different results.

### Bases for Determining Current Costs

A variety of methods was used to determine the current cost of properties, including published indices, manufacturers' prices, appraisal values and engineering estimates. Because there is no generally accepted method for measuring the current cost of replacing existing oil and gas reserves, estimates of the current cost of petroleum and natural gas properties have been compiled by application of indices (including the Consumer Price Index) to historical costs. However, because the activities and, therefore, the costs required to replace existing reserves are unpredictable, application of indices to historical costs results in current cost estimates that may be grossly misstated.

The current cost of inventories was estimated based on current suppliers' prices, recent manufacturing costs and published price indices.

**Statement of Consolidated Income on a Current Cost Basis**
**Assuming Maintenance of Existing Operating Capability**
for the Year ended December 31, 1983

| | (in thousands) | |
|---|---|---|
| Net income, historical cost basis | | $ 143,592 |
| Adjustments to reflect changes in current costs: | | |
| Cost of goods sold and operating expenses | $ 39,237 | |
| Depreciation, depletion and amortization | 698,114 | |
| Gains on disposal of properties | 17,640 | |
| | 754,991 | |
| Less: Minority interest | 220,498 | 534,493 |
| Net income on a current cost basis | | (390,901) |
| Financing adjustment | | 247,100 |
| Net income attributable to common shareholders on a current cost basis | | $ (143,801) |
| The provision for income taxes of $262 million has not been adjusted from the amount reflected in the Company's audited financial statements. If the adjustments to reflect changes in current costs were tax affected, the reduction in the Company's income tax expense would result in the net income attributable to common shareholders being approximately | | $ 118,200 |

The Company's income on a current cost basis for 1983, which has been prepared in accordance with, and which reflects the inherent limitations of the experimental techniques prescribed by the CICA, is below historical cost income. This is primarily due to significantly higher charges ($698 million) for depreciation, depletion and amortization. Included in the higher depreciation charges, however, are estimated amounts totalling $163 million for oil and gas and mining operations – activities for which the CICA experiment has little relevance.

On the assumption that the Company will continue to use a combination of debt and equity to finance its operations, the financing adjustment provides a measure of the extent to which common shareholders will be shielded from the higher costs of replacing inventories and properties. The CICA recommendations require that the financing adjustment, which reflects the portion of current cost increases financed through net borrowings, be shown on two bases. The adjustment of some $247 million which is reflected in the Company's current cost income attributable to common shareholders is based on the total increase in current costs during 1983. If the financing adjustment had been based on current cost adjustments to income, it would have amounted to some $150 million.

**Schedule of Consolidated Assets on a Current Cost Basis**
as at December 31, 1983

| | (in thousands) | |
|---|---|---|
| | Historical Cost Basis | Current Cost Basis |
| Inventories | $ 1,961,164 | $ 2,050,403 |
| Properties (net) | 12,429,589 | 24,912,341 |
| Net Assets (common shareholders' equity) | 4,024,992 | 13,548,887 |

Net assets on a current cost basis consist of common shareholders' equity on an historical cost basis, plus the difference (net of minority shareholders' interest) between the current and historical cost of inventories and properties.

## Other Supplementary Information
for the Year ended December 31, 1983

| | (in thousands) |
|---|---|
| Increase in the current cost amounts of inventories and properties | $ 1,247,835 |
| Effect of general inflation | 1,103,212 |
| Excess of increase in current cost over the effect of general inflation | $ 144,623 |
| Gain in general purchasing power from having net monetary liabilities | $ 311,300 |

Included under Other Supplementary Information are additional data called for by the CICA. The increase in the current cost amounts of inventories and properties, less the effect of general inflation, indicates that during 1983 the value of the Company's assets, measured in current costs, increased at a marginally higher rate than the rate of general inflation as measured by the Consumer Price Index.

The gain in general purchasing power from having net monetary liabilities represents the benefit to the Company from financing part of its operations with debt which, because of inflation, has declined in real terms.

## Reserve Data
The CICA requires certain quantity disclosures for companies with interests in mineral and oil and gas reserves. The disclosures covering oil and gas reserves are included as supplementary data under Oil and Gas Reporting.

## Major Proven and Probable Ore Reserves

| | December 31 1982 | Changes during the Year | | | December 31 1983 |
|---|---|---|---|---|---|
| | | Production | Discoveries | Revisions | |
| | (in thousands of short tons) | | | | |
| Cominco Ltd. | | | | | |
| Sullivan, Pine Point (69.1% owned), Polaris, Black Angel (62.5% owned) and Magmont Mines (50% owned) | 102,400 | (6,000) | 12,200 | (8,800) | 99,800 |
| Con-Rycon Mine | 2,100 | (209) | 171 | (162) | 1,900 |
| Buckhorn Mine | — | — | 5,100 | — | 5,100 |
| Valley Mine | 500,000 | (7,900) | — | 16,900 | 509,000 |
| Warm Springs Mine | 7,300 | (188) | 588 | — | 7,700 |
| Vade Mine | 155,000 | (3,353) | — | 353 | 152,000 |
| Fording Coal Limited | | | | | |
| Fording River Operations | 238,800 | (3,100) | — | 1,300 | 237,000 |
| Thermal Coal | 2,133,000 | (4,200) | — | (72,000) | 2,056,800 |
| The Algoma Steel Corporation, Limited | | | | | |
| Wawa Mine | 50,702 | (1,270) | — | (4,092) | 45,340 |
| Tilden Mine (30% owned) | 81,249 | (1,346) | — | — | 79,903 |
| Cannelton Mines | | | | | |
| Metallurgical Coal | 186,300 | (1,716) | — | 225 | 184,809 |
| Thermal Coal | 80,000 | (520) | — | (396) | 79,084 |

The reserve and production quantities listed for the associated companies of Cominco represent the full amounts and not Cominco's share. The reserve and production quantities for the Tilden Mine represent Algoma's share only.

The reserve and production quantities included above for Cominco are stated in tons of ore, while the quantities for Algoma are stated in product tons of sinter (48% iron) and pellets (65% iron) at the Wawa and Tilden mines respectively. The reserve and production quantities noted for Fording Coal, and Algoma's Cannelton Mines, are stated in short tons of cleaned coal.

Fording currently receives only a royalty from the production of its thermal coal reserves.

Total expenditures on exploration for minerals in the year 1983 amounted to $36,000,000.

**Mineral Content of Reserves and Production**

| | | Minerals Contained in Reserves December 31 1983 | 1982 | Production during year (tons are short tons) |
|---|---|---|---|---|
| Cominco Ltd. | | | | |
| Sullivan, Pine Point, Polaris, Black Angel and Magmont Mines | Lead | 4.1% | 4.0% | 313,600 tons (concentrate) |
| | Zinc | 7.6% | 7.0% | 666,000 tons (concentrate) |
| | Silver (Sullivan and Black Angel only) | 1 oz. per ton | 1 oz. per ton | |
| Con-Rycon Mine | Gold | 0.44 oz. per ton | 0.47 oz. per ton | 70,500 oz. |
| Valley Mine | Copper | 0.475% | 0.475% | 36,700 tons (contained metal) |
| Warm Springs Mine | $P_2O_5$ | 30.0% | 30.0% | 188,000 tons (phosphate rock) |
| Vade Mine | $K_2O$ | 25.3% | 25.3% | 1,123,000 tons (concentrate) |

## Geographic Distribution of Net Property Investment

at December 31, 1983

| | Properties, at Cost less Depreciation (in millions) | Percent of Total |
|---|---|---|
| Canada | | |
| Atlantic Provinces | $ 338 | 3 |
| Quebec | 1,133 | 9 |
| Ontario | 2,788 | 22 |
| Manitoba | 210 | 2 |
| Saskatchewan | 344 | 3 |
| Alberta | 1,893 | 15 |
| British Columbia | 1,734 | 14 |
| N.W.T., Yukon & Offshore | 346 | 3 |
| Transportation Equipment | 1,501 | 12 |
| | 10,287 | 83 |
| Outside Canada | | |
| United States | 1,480 | 12 |
| Other | 106 | 1 |
| Ocean Ships | 557 | 4 |
| | 2,143 | 17 |
| Total | $ 12,430 | 100 |

| | 1983 | 1982 | 1981 | 1980 | 1979 |
|---|---|---|---|---|---|
| | (Figures in thousands, except amounts per share) | | | | |
| Revenues | **$12,759,297** | $12,301,895 | $12,336,266 | $ 9,984,546 | $ 8,177,779 |
| Net income from: | | | | | |
| CP Rail | **$ 183,969** | $ 117,873 | $ 127,168 | $ 121,595 | $ 108,737 |
| CP Air | **(16,408)** | (39,214) | (22,781) | 2,853 | 13,120 |
| CP Ships | **(74,293)** | (20,035) | 43,782 | 52,360 | 26,320 |
| CP Trucks | **5,896** | 1,551 | 5,466 | (1,527) | (1,861) |
| Soo Line Railroad Company | **11,659** | 13,639 | 23,008 | 23,076 | 17,799 |
| CP Telecommunications | **6,419** | 5,103 | 4,936 | 4,955 | 6,005 |
| Miscellaneous | **(17,760)** | 3,377 | 16,993 | 16,898 | 3,527 |
| Canadian Pacific Enterprises Limited | **44,110** | 106,000 | 287,007 | 362,947 | 334,495 |
| Net income | **$ 143,592** | $ 188,294 | $ 485,579 | $ 583,157 | $ 508,142 |
| Total assets | **$17,601,949** | $17,273,034 | $16,330,185 | $13,038,501 | $11,002,393 |
| Total long term debt | **$ 5,536,445** | $ 5,538,691 | $ 4,647,637 | $ 2,997,437 | $ 2,623,631 |
| Perpetual 4% Consolidated Debenture Stock | **292,549** | 292,549 | 292,549 | 292,549 | 292,549 |
| Minority shareholders' interest in subsidiary companies | **2,674,355** | 2,586,591 | 2,477,342 | 2,251,899 | 1,754,260 |
| Shareholders' equity | **4,052,571** | 3,990,981 | 3,929,369 | 3,523,186 | 2,987,948 |
| Total capitalization | **$12,555,920** | $12,408,812 | $11,346,897 | $ 9,065,071 | $ 7,658,388 |
| Per Ordinary Share: | | | | | |
| Net income | **$ 1.98** | $ 2.60 | $ 6.75 | $ 8.11 | $ 7.06 |
| Dividends for the year | **1.40** | 1.65 | 1.90 | 1.85 | 1.70 |

Number of Ordinary shares remained unchanged at 71,662,280.

## Ordinary Share Market Prices

| | Toronto Stock Exchange | | | | New York Stock Exchange | | | |
|---|---|---|---|---|---|---|---|---|
| | **1983** | | 1982 | | **1983** | | 1982 | |
| | High | Low | High | Low | High | Low | High | Low |
| | (Canadian dollars) | | | | (U.S. dollars) | | | |
| First Quarter | **44½** | **35¼** | 41⅞ | 28½ | **36¼** | **28½** | 35¼ | 23½ |
| Second Quarter | **50** | **42⅛** | 31⅛ | 24⅞ | **40¾** | **34⅛** | 25½ | 19¼ |
| Third Quarter | **51¾** | **43¾** | 32⅜ | 24⅞ | **42** | **35¾** | 26 | 19¼ |
| Fourth Quarter | **53¼** | **46⅝** | 36¾ | 29¼ | **42⅞** | **37¾** | 29¾ | 23⅝ |
| Year | **53¼** | **35¼** | 41⅞ | 24⅞ | **42⅞** | **28½** | 35¼ | 19¼ |

### Stock Transfer Agents

**The Royal Trust Company**
1660 Hollis Street,
Halifax, N.S. B3J 1V7;

Brunswick House,
1 King Street,
Saint John, N.B. E2L 1G1;

630 Dorchester Boulevard West,
Montreal, Quebec H3B 1S6;

Royal Trust Tower,
Toronto-Dominion Centre,
Toronto, Ontario M5W 1P9;

330 St. Mary Avenue,
Winnipeg, Manitoba R3C 3Z5;

1862 Hamilton Street,
Regina, Saskatchewan S4P 2B8;

700 The Dome Tower,
Toronto-Dominion Square,
333 - 7th Avenue S.W.,
Calgary, Alberta T2P 2Z1;

Royal Trust Tower,
Bentall Centre,
555 Burrard Street,
Vancouver, B.C. V7X 1K2.

**Bank of Montreal Trust Company,**
2 Wall Street,
New York, N.Y. 10005.

**Deputy Secretary, Canadian Pacific Limited,**
50 Finsbury Square,
London, England EC2A 1DD.

### Stock Listings

Debenture Stock (Sterling) listed on:
London, Eng. Stock Exchange

Debenture Stock (U.S. Currency) listed on:
New York Stock Exchange

Preference Stock (Sterling) listed on:
Montreal, Toronto, Vancouver and London, Eng. Stock Exchanges

Preference Stock (Canadian Dollar) listed on:
Montreal, Toronto, Vancouver and London, Eng. Stock Exchanges

Preferred Shares, Series A listed on:
Montreal, Toronto, Vancouver and London, Eng. Stock Exchanges

Ordinary Stock listed on:
Montreal, Toronto, Vancouver, New York and London, Eng. Stock Exchanges.

### Stock Holdings

The number of registered holdings of the voting capital stock of the Company at December 31, 1983 was 51,442.

The distribution by countries of total voting rights of the Ordinary and Preference Stock at that date was as follows:

| | |
|---|---|
| Canada | 77.38% |
| United States | 14.61 |
| United Kingdom | 2.75 |
| Other Countries | 5.26 |
| | 100.00% |

Shareholders having inquiries or wishing to obtain copies of the Company's non-consolidated (parent company) financial statements or its Form 10K filed with the Securities and Exchange Commission should write to:

J.C. Ames,
Vice-President and Secretary,
Canadian Pacific Limited,
P.O. Box 6042, Station A,
Montreal, Quebec,
Canada H3C 3E4

## Board of Directors

**Lloyd I. Barber, O.C., Ph.D.,**
President and Vice-Chancellor,
University of Regina, Regina

***F.S. Burbidge,**
Chairman and Chief Executive Officer,
Canadian Pacific Limited, Montreal

**James W. Burns,**
President,
Power Corporation of Canada,
Montreal

***Robert W. Campbell,**
Vice-Chairman and Chief Executive Officer,
Canadian Pacific Enterprises Limited, Calgary

***Paul Desmarais, O.C.,**
Chairman and Chief Executive Officer,
Power Corporation of Canada,
Montreal

**Allard Jiskoot,**
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Pierson, Heldring & Pierson N.V.,
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President and General Manager,
Highland Stock Farms Ltd., Calgary

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Director and Former Chairman of the Board,
The Royal Bank of Canada,
Montreal

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London, Ontario

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Chairman and Chief Executive Officer,
Bank of Montreal, Toronto

***Paul L. Paré,**
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Imasco Limited, Montreal

**The Rt. Hon. Lord Polwarth, T.D., D.L.,**
Director,
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***†Claude Pratte, Q.C.,**
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Law firm of Letourneau & Stein,
Quebec

**Lucien G. Rolland,**
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**A.M. Runciman,**
Former President,
United Grain Growers Limited,
Winnipeg

**Thomas G. Rust,**
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Vancouver

**F.H. Sherman,**
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**The Hon. Ian D. Sinclair, O.C., Q.C., Senator,**
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Canadian Pacific Enterprises Limited, Toronto

***W.W. Stinson,**
President,
Canadian Pacific Limited,
Montreal

**The Hon. John N. Turner, P.C., Q.C.,**
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Law firm of McMillan, Binch,
Toronto

**†Kenneth A. White,**
Chairman,
Commercial Union Holdings Ltd.,
Toronto

***Ray D. Wolfe,**
Chairman and Chief Executive Officer,
The Oshawa Group Limited,
Toronto

* Member of the Executive Committee
† Member of the Audit Committee

## Officers

**F.S. Burbidge,**
Chairman and Chief Executive Officer,
Montreal

**W.W. Stinson,**
President, Montreal

### Corporate Services

**J.C. Ames,**
Vice-President and Secretary,
Montreal

**J.C. Anderson,**
Vice-President Personnel,
Montreal

**J.P.T. Clough,**
Vice-President Finance and Accounting, Montreal

**Donald S. Maxwell, Q.C.,**
Vice-President Law and General Counsel, Montreal

**J.A. McDonald,**
Vice-President Industry Relations,
Montreal

**R.T. Riley,**
Vice-President Corporate,
Montreal

**I.B. Scott,**
Vice-President Administration and Public Affairs, Montreal

**G.F. Sekely,**
Vice-President Computers and Communications, Toronto

**D.E. Sloan,**
Treasurer, Toronto

**J. Thomson,**
Comptroller, Montreal

## Directorate

At the Annual General Meeting of the Shareholders held on May 4, 1983, Mr. G. Arnold Hart, M.B.E., C.M. and Mr. Howard J. Lang retired, having attained the age limit for directors as prescribed in the Company's by-laws. The directors desire to record their recognition of the notable contributions to the affairs of the Company made by these retiring members.

Mr. W.D. Mulholland was elected a director to replace Mr. Lang and Mr. James W. Burns was elected a director to replace Mr. Hart. Dr. Lloyd I. Barber, O.C. was elected a director to replace the late Allan Findlay, whose untimely death was reported in the 1982 Annual Report.

Copies of the following 1983 annual reports can be obtained by writing to:

*Canadian Pacific Enterprises Limited*
Vice-President Administration
and Secretary
Canadian Pacific Enterprises Limited
Suite 2300
125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6

*Canadian Pacific Air Lines, Limited*
Secretary
Canadian Pacific Air Lines, Limited
One Grant McConachie Way
Vancouver International Airport
British Columbia V7B 1V1

Si vous désirez vous procurer la version française du présent rapport, veuillez vous adresser au vice-président et secrétaire, Canadien Pacifique Limitée, C.P. 6042, succursale A, Montréal, Québec, Canada H3C 3E4

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